

Weekend



Too small, too dirty
Airline loots originate in the Dark Ages. At least they could use space-age materials to fit them out

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Run for your money
Even the origin of the marathon is tainted - Phidippides and his like were professional runners

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FINANCIAL TIMES

AUGUST 9 / AUGUST 10 1997

Weekend



Duelling pianos
The company that was once happy to sell Steinways is about to tackle Steinway one more time

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Fed up of waiting?
Is there an alternative to the tyranny of the waiter? Mais certainement, there is

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US envoy will focus on gaining assurances about security for Israelis

Ross seeks crackdown on terror

By Avi Machile in Jerusalem and Bruce Clark in Washington

Commitments from the Palestinians to crack down on terrorism will be sought today by Mr Dennis Ross, the US Middle East peace envoy, when he arrives in the region on a mission to relaunch the faltering peace process.

But Palestinian officials warned yesterday that focusing on security alone would doom Mr Ross's mission to failure.

Last week's suicide bombings in Jerusalem, which killed 13 victims plus the two bombers, prompted tough Israeli measures against Palestinians including limits on movement and a freezing of tax revenue owed to the Palestinian Authority.

Palestinians have complained that they are being collectively punished, even though Israel admits it does not know whether those responsible for the attacks came from Palestinian-controlled territory. Mr Saeb Erekat, senior

Palestinian peace negotiator, said of Mr Benjamin Netanyahu, Israeli prime minister: "Mr Netanyahu has taken 3m Palestinians hostage without a shred of evidence of who carried out the bombing."

Mr Ross's mission aims to pave the way for the first visit to the region later this month by Mrs Madeleine Albright, US secretary of state. The envoy will focus on gaining assurances from Mr Yasser Arafat, Palestinian leader, that he will tighten security and co-operate with Israel. Mrs Albright said she would travel to the region provided there was progress on security issues.

On Wednesday, in her first major speech on the peace process, Mrs Albright laid out a blueprint for resumption of talks and said the US would push for an accelerated negotiations to reach a final settlement between Israelis and Palestinians. She also called on Mr Arafat to ensure Israel's security. Although the US did not expect



Hizbollah leader Sheikh Hassan Nasrallah warned of continued rocket attacks on Israel

Mr Arafat to guarantee "100 per cent results," Mrs Albright said he was expected to make "100 per cent effort."

Ahead of Mr Ross's arrival, Israel yesterday lifted its blockade around two West Bank towns and reopened two border crossings between the Palestinian territory and Jordan and Egypt. It continued to impose the blockade on another six Palestinian towns, and maintained all other measures. The European Union said the sanctions were excessive and counter-productive. Mr Ross's visit coincides with rising tensions on the Israeli-Lebanese border which have left another 13 people, including seven Lebanese civilians, dead.

Lebanon's Shia Hizbollah militia, fighting to drive Israel out of its occupation zone in south Lebanon, yesterday denied responsibility for a katyusha rocket attack earlier in the day on northern Israel. But the militia warned it would resume such attacks, as the 1996 ceasefire

between Israel and Hizbollah, banning attacks on civilians, was no longer working.

Palestinians blame Mr Netanyahu for sparking the current crisis with his decision in March to build new settlements in Har Homa in Arab East Jerusalem. They believe it will be difficult for Mr Ross to get fresh commitments on security from Mr Arafat unless the US reassures the Palestinian leader that it is ready to put pressure on Israel to freeze the building of new settlements.

Currency and interest rate fears hit shares

By Richard Adams in London and John Labate in New York

Currency worries and fears of a possible rise in US interest rates triggered big falls yesterday in the prices of blue chip stocks listed on the New York and London exchanges.

Shares on Wall Street fell sharply, with the Dow Jones Industrial Average dipping below 8,000 at one point as investors began to worry that the strength of the US economy may yet prompt the Federal Reserve to tighten monetary policy. US Treasury bonds, which had weakened sharply on Thursday, shed another point.

By 1pm in New York the Dow was down 160, and shortly afterwards dipped below the 8,000 mark, a fall of more than 2 per cent. The Standard & Poor's 500 Index fell 15.97 at 935.22 and the Nasdaq composite, which favours technology issues, lost 23.15 at 1,601.03.

In London, traders said Thursday's hints from the Bank of England that it did not need to raise interest rates further was responsible for the rapid descent of sterling, which shed another 5 pence against the D-Mark by the end of trading.

Sterling's fall also weighed heavily on the dollar, which lost 2 pence against the D-Mark. "The dollar is getting caught up in the whole sterling and D-Mark move," said one London analyst. "That's what is dominating the trade."

The dollar also fell against the yen after news of another large rise in Japan's current account surplus. Japan's finance ministry said the current account surplus for June rose 55 per cent, compared with a year earlier, to ¥1,020bn (\$8.64bn), its third consecutive monthly rise.

On the London exchange, the fall in interest rate expectations on the currency market fed through to the FTSE 100 index.

The Footsie had risen by 190 points over the previous three trading sessions, but yesterday went sharply into reverse, shedding 55.5 to close at 5,031.3.

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Gangsters likely to win as the chips are down for Turkey's casinos

By John Bertram in Ankara

First Turkey's gamblers were told they couldn't eat or drink in their casinos. Then men were ordered to wear suits and women long skirts. Now they have been told to stop gambling altogether.

Parliament, not content with restrictions introduced last year by the then government, the Islamist Welfare party, has given

the country's 76 casinos six months to close.

MPs overrode a presidential veto preserving the gambling deus, sweeping aside President Sileyman Demirel's arguments that they provide nearly 20,000 jobs, hand over a slice of their annual \$2bn revenues to the treasury and are a major tourist attraction. But, says Mr Demirel, owner of Turkey's only

gambling chip maker, "soon there will be even more casinos. This law will cause the illegals to open, and it will be good for the Mafia."

The casino bosses say they will fight back. A furious Mr Ertugrul Tosyal, manager of Ankara's Sheraton hotel casino, said: "This decision will be struck down by the constitutional court. We have our rights." He

added that 70 per cent of gamblers will play on either abroad or underground.

The end of casinos is another milestone in Turkey's gradual shift towards a society with stricter Islamic values.

Gambling was legalised in 1973, began booming during the 1980s and soon became part of Turkish night life.

But the public were horrified

last year by revelations of links between casinos, Istanbul's drug Mafia and corrupt officials.

Last week five suspects - four of them police officers - went on trial for the 1996 murder of Omer Lutfi Topal, Turkey's "Casino King".

They are suspected of killing him in a row over laundered money from heroin smuggling. Diplomats, nervous of Tur-

key's growing heroin trade and the casinos' role in laundering profits, now fear that the roulette wheels will either go underground or offshore.

Gambling is the only growth industry in northern Cyprus - Turkey's Macau - which has 200,000 people and 25 casinos. One diplomat said: "There are no regulations. Anyone can set up a casino if they put up the money.

The place is awash with hoods." But a gambling insider was relieved that indecision over the industry's fate had ended. He said: "There will be plenty of new illegal casinos opening. Before the profit margin was 80 per cent - now it will be 95%."

He added that underground casinos will have only one overhead in future - "Five per cent protection money to the police."

News General

Gains in Bosnian talks

US mediator Richard Holbrooke persuaded Croatian president Franjo Tudjman and Bosnian Muslim leader Alija Izetbegovic to agree on a list of Bosnian ambassadors by Monday. He went on to meet Serbian president Slobodan Milosevic in the hope of getting him to put pressure on the Bosnian Serbs to agree to the list as well. Page 2

Labour celebrates a 'good start' The UK Labour party celebrated its first 100 days in office after its landslide general election win on May 1. Mr Peter Mandelson, widely seen as right hand man to prime minister Tony Blair, outlined what he called a "good start". The opposition Conservative party accused him of "mild-mannered madness verging on megalomania". Reports, Page 5; Legend in his own soundbite, Page 7; Lex, Page 24

US jails take in 1,000 a week One in every 168 US residents was locked up in a jail in 1996 - a year in which more than 1,000 new offenders a week joined the overcrowded US prison system, said a report by the Bureau of Justice Statistics. It said the total of inmates reached 1.6m in mid-1996, compared with 1.1m in 1990 and 744,000 in 1985, and that one man in every 118 and one in every 1,618 women were under jurisdiction of correctional authorities. Page 3

French papers try the lighter touch French newspapers and magazines have turned to cartoon strips to keep up circulation in the summer holidays. The high-brow daily *Le Monde* is publishing full-page extracts of "Blueberry", a cowboy in America's Wild West, and the left-wing *Liberation* runs the exploits of secret agent XIII. The daily *Figaro*, however, has spurned cartoons for extracts of a summer political novel. Page 2

Man in the News

Sergei Dubinin
The calmness with which a suspicious Russian public has received plans to redenominate the rouble by topping three zeros off its face value is a tribute to the central bank chief. Sergei Dubinin appears to be earning that most precious commodity, trust. Page 7



News Business

Cell phone deal on hold

The Tels consortium, led by Tella, the Swedish state-owned telecommunications company, yesterday won a concession to operate cellular telephones in the Brazilian state of São Paulo for R\$1.33bn (US\$1.26bn), more than double the minimum asking price. But the result was shrouded in confusion, as Tels had initially been excluded from the auction for allegedly failing to meet tendering requirements. It must return to court for a final judgment before it can take up the concession. Page 24

BHP shaken by exodus BHP, the Australian resources group, announced its third top-level departure in three days, unsettling investors who knocked a further 2.5 per cent off the share price, which is now at a four-month low. Chief executive John Prescott said the events were "a regrettable coincidence" but some analysts saw signs of deeper problems as the group struggles to identify its core businesses. Page 24

Under the Apple tree Why are three of the most powerful men in the computer business - Steve Jobs, who founded Apple in a garage; Bill Gates of Microsoft, who has been his toughest competitor, and Larry Ellison of the Oracle database company - suddenly circling the ailing Apple? Why should the usually deadly rivals care about a computer company that, although a household name, has been losing money for 18 months and has been racked by in-fighting for a decade? Page 6

Coca-Cola loses some fizz Shares in Coca-Cola fell 3%, or 5 per cent, to \$63 in early trading after the company warned that after-tax earnings in the third quarter to September would be only slightly ahead of the previous year's. It blamed the slowdown on a tough comparison with last year's third quarter, when it made gains from the sale of stakes in some bottling operations and other non-recurring items. Coca-Cola said it expected gains of 4 to 6 cents a share on the sale of bottlers in this year's third quarter. Page 23

Window into an intricate shell Mark Moody-Stuart, the new chairman of Shell Transport and Trading, the London arm of Royal Dutch/Shell, and the man widely tipped to succeed Cor Herkströter next year as head of the far-flung company, is an advocate of greater openness and change - which could be a big change in itself for the largest publicly quoted international oil company, which has often been accused of being the most elitist and secretive of the world's multinationals. Page 22; Lex, Page 24

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The Conversion Investment Trust plc

(Registered in England and Wales No. 3346180)

Intermediaries Offer

Conversion Offer to Eligible Members of Lloyd's

of up to 70,000,000 Ordinary shares of 20p each at 100p per share (with Warrants attached on the basis of one Warrant for every five Ordinary shares subscribed under the Intermediaries Offer and one Warrant for every ten Ordinary shares subscribed under the Conversion Offer). Additional Ordinary shares (with Warrants attached on a one for ten basis) are expected to be issued under the Conversion Offer in exchange for Lloyd's syndicate capacity entitlements in November 1997. Applications under the Intermediaries Offer must be made on an Intermediaries Application Form (available to Intermediaries from Peel, Hunt & Company Limited, whose address is shown below).

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Share Capital

Number	Nominal Value	Issued and to be issued fully paid*
140,000,000	£28,000,000	70,000,000

*on the basis that all the Ordinary shares (with Warrants attached) available under the Intermediaries Offer and Conversion Offer are subscribed at 100p per Ordinary share, but taking no account of any exercise of Warrants or the further issue of Ordinary shares (with Warrants attached) in November 1997 under the Conversion Offer.

The principal activity of the CIT Group will be the investment of a portfolio of securities and participation in the Lloyd's insurance market.

Copies of the Prospectus published by the Company on 8 August 1997 are available during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice up to and including 8 September 1997 from the Company Announcements Office of the London Stock Exchange, Old Broad Street, London EC2 (for collection only) and from the date of this notice up to and including 8 September 1997 from:

Dawnay, Day Corporate Finance Ltd. 15 Grosvenor Gardens London SW1W 0BD	Peel Hunt & Company Limited 62 Thredneedle Street London EC2R 8HP	The Conversion Investment Trust plc 2 Seething Lane London EC3N 4AX
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Albania LK300	Austria SK97	Bahrain DM1.00	Bulgaria BFR100	Canada C\$1.00	Chad CFA100	Croatia HRK100	Czechia CZK100	Denmark DKK100	Egypt EGP100	France FRF100	Germany DM100	Ghana GHS100	Hong Kong HK\$100	India INR100	Indonesia Rp100	Israel NIS100	Italy Lira 1,000	Japan Yen 100	Korea Won 100	Malaysia RM100	Mexico MXN100	Nigeria N100	Poland Zloty 100	Portugal Escudo 100	Romania Lei 100	Russia Ruble 100	Saudi Arabia SR100	South Africa Rand 100	Spain Ptas 100	Sweden Krona 100	Switzerland Franc 100	Taiwan NT\$100	Thailand Baht 100	Turkey Lira 100	USA \$1.00	UK £1.00	Yugoslavia Dinar 100
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NEWS: INTERNATIONAL

Russians pursued as Antigua 'bank' fails

By George Graham in London and Canute James in Kingston

Two Russian nationals are being pursued by the authorities from the Caribbean island of Antigua after the collapse of an institution calling itself the European Union Bank and which advertised for deposits on the Internet.

Antigua's office of national drugs and money laundering policy issued a fraud warning last week and yesterday appointed Coopers & Lybrand, the international accountancy firm, as

receiver. The government is pursuing Mr Serbevo Ushakov of Texas and Mr Vitaly Papsouev of Ontario, Canada, two Russian nationals who founded European Union Bank and are believed to have fled.

Mr Evan Harmiston, resident manager in Antigua of the eastern Caribbean branch of Coopers & Lybrand, said he had been asked by the government to start investigating the bank three weeks ago and delivered a report this week. He declined to say how

much money had been deposited with European Union Bank, whose World Wide Web site has now been shut down.

The site invited depositors to take advantage of "excellent interest rates, offered in a stable, tax-free environment, with utmost privacy, confidentiality and security".

The Bank of England had warned investors last October to be very careful in their dealings with European Union Bank.

Yesterday, it said it had no reports of UK depositors losing money.

"The failure of EUB highlights the risks that can arise with banks of this kind," the Bank said.

The Comptroller of the Currency, the bank supervision office of the US Treasury, also issued an alert to US banks.

Although some legitimate Internet banks have been set up, such as Security First Network in Kentucky, regulators have been worried about the potential for fraud over the Internet.

"As with any offshore deposit, intending depositors should carry out appropriate due diligence," the Bank

of England said.

One page on the World Wide Web can look much like another, and EUB's page was listed side by side with legitimate financial institutions such as Citibank and Royal Bank of Canada on a number of Internet reference sites.

Antigua had become one of the Caribbean's most notorious havens for shady banks, but the government earlier this year launched a bid to clean up the sector.

It shut down five Russian banks set up on the island and called in Mr Rodney Gallagher, a former Coopers

& Lybrand partner who is now the adviser on Caribbean financial services to the UK Foreign Office.

Mr Lester Bird, Antigua's prime minister, said the government had acted "because there appears to be increasing international unease with our offshore banking sector".

The UK and US governments have been putting pressure on Antigua and a number of other Caribbean governments to tighten their money laundering legislation and to co-operate more with investigations into tax evasion.

France sees rise in tax revenue

By David Owen in Paris

A welcome influx of tax revenues has helped restrict the French budget deficit to FF202.3bn (\$32bn) at the end of June and may have improved the country's chances of hitting the strict Maastricht public deficit criterion for European monetary union.

Figures released yesterday by the finance and industry ministry showed net fiscal receipts to end June running 2.4 per cent ahead of year-ago levels, against a budgeted improvement of 2.6 per cent for 1997 as a whole.

This was a marked improvement from the position at the end of May when net receipts were running just 1.5 per cent ahead of year-earlier levels. The overall budget deficit level at that time was FF241.3bn.

The improvement is partly attributable to corporation tax receipts, which are running 6.2 per cent ahead of corresponding 1996 levels, against a 3.1 per cent improvement budgeted for the year as a whole. Income tax receipts also appear to be performing well at 0.3 per cent below year-ago levels, compared with an anticipated year-on-year decline of more than 7 per cent.

By contrast, receipts from VAT, the largest single contributor to overall fiscal receipts, are still rising at a much slower rate than that expected over the full year.

The ministry said it was too early to say whether the improved monthly figures were attributable to a "blip" or a sustainable trend, but it nevertheless described them as "encouraging".

Mr Dominique Strauss-Kahn, finance and industry minister, indicated in a recent interview that whether France achieved the 3 per cent of gross domestic product Maastricht deficit target in 1997 would depend on economic growth and tax revenues.

An independent audit of public finances published last month indicated tax receipts were likely to be between FF15bn and FF17bn lower than expected if additional measures were not taken. Mr Strauss-Kahn then unveiled a FF32bn package of new public deficit reduction measures. Yesterday's figures were released as Mr Lionel Jospin, prime minister, pressed on with a series of meetings with government ministers prior to determining next year's ministry spending limits and resuming his summer holiday.

Reports have suggested the government may try to curb the overall rise to 1.2 per cent, in line with inflation, although it is far from clear that is achievable.

French publishers turn to cartoons

Andrew Jack on a novel way to keep summer circulation up

French newspapers and magazines, desperate for something to attract readers during the quiet summer holidays, have this year turned to cartoon strips to keep their circulation up.

The normally high-brow daily paper *Le Monde* - which has recently been trying to spice up its contents and rejuvenate its readership - has broken with tradition by publishing full page extracts of "Blueberry", the adventures of a cowboy in the American Wild West during July and August.

Libération, the leftwing newspaper born during the student uprisings of the late 1960s, which has been trying to maintain its youthful image as its former radical readers get older, has fought back with a daily page of the exploits of a secret agent known only by the number "XIII". And Express, a weekly news magazine, has in turn responded in the absence of much news in the summer with a full six pages in each issue of the escapades of Eugène Varlet, a

French detective. The trend started last year, when *Télérama*, a TV and cinema listings magazine, hugely boosted its popularity when it published exclusive extracts from a new Blake & Mortimer, a French cartoon strip which is based on an English secret agent and his professor assistant.

The principal beneficiary of the trend has been Dargaud, the leading publisher of cartoon strips and books, which has generated substantial huge free publicity for forthcoming titles while continuing to levy FF1,500 to FF2,000 (\$237 to \$316) per page in authors' rights.

"Cartoons are part of

"Sales are a bit weaker in summer, but they used to be in meltdown"

French heritage," said Mr François Pernot, the company's commercial director. "They are simple and easy to read for all the family. There are many chief executives who are fans, including

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A typical scene from Blueberry, "Shadows over Tombstone", in *Le Monde*

Michel Bon [the head of France Telecom] and Lolke Floch Prigent [former head of SNCF, the national railway].

"It's difficult to make an

assessment of the impact on readership," said Ms Anne Chaussebourg, a deputy director of *Le Monde*, adding that the cartoon is one of many efforts at modernisation made by the paper over the last three years. "Our sales are a bit weaker during the summer, but they used to be in meltdown."

Each publication claims to have been the first with the idea, and to have rejected the alternative cartoon characters published by its rivals. "We already published Blueberry in the mid-1980s, and we printed the entire paper illustrated with Tintin cartoons after the death of Hergé [the author]," says Mr André Gattolin, marketing director for Libération. He was unapologetic that he - like *Le Monde* -

had chosen American stories for their readers.

"Our readers were inspired by US counter-culture. They have an affinity for the culture even if they contest American power internationally."

Not everyone has succumbed to the new trend. *Le Figaro*, France's more stuffy and conservative daily paper, has avoided cartoons. But it has been publishing extracts of its own summer novel, a thinly disguised tale surrounding the past and present socialist governments.

Kohl upbeat on prospects for economic growth

By Ralph Atkins in Bonn

Chancellor Helmut Kohl yesterday indicated Germany could beat Bonn's forecast of 2.5 per cent economic growth this year - but warned that an expected acceleration to 3 per cent in 1998 could depend on a deal to reform the country's tax system.

Speaking during his holiday in Austria, Mr Kohl also expressed confidence that an agreement could yet be thrashed out with the opposition Social Democratic party on reforming the country's complex tax system. He said pension reforms could be pushed through without a deal with the Bundestag, the second chamber of parliament which is SPD-controlled.

His comments came at the end of a turbulent two weeks in which resistance from the Bundestag led to the collapse of plans for net tax cuts worth up to DM30bn (\$16bn) from 1999. Separately, higher unemployment figures highlighted the limited scale of Germany's economic recovery - and pointed to higher public spending which would increase the difficulty of meeting public sector deficit criteria for members of the planned Euro currency block.

But in an interview with RTL television, Mr Kohl suggested economic growth in 1997 could yet beat expectations. By boosting tax revenues that could ease pressure on the public deficit. "This year we have, to be sure, 2.5, 2.6, 2.7 per cent growth in gross domestic product. I'm sure

myself that we will have 3 per cent next year. That's a good number, but we can only achieve that if it's reinforced through the tax system," Mr Kohl said.

Mr Kohl acknowledged that the chances of achieving his goal of halving unemployment - currently 4.4m seasonally-adjusted - by 2000 had fallen significantly. But he insisted Germany would meet the Maastricht treaty criteria for members of the single European currency. "Budget plans for 1998 make that clear and also budget developments this year."

Mr Kohl also used the interview to signal stiff opposition to constitutional reform - despite calls for a rethink from political allies and business leaders after the collapse of the tax reform talks. Mr Wolfgang Schäuble, parliamentary leader of the chancellor's Christian Democratic/Christian Social Union, suggested earlier this week that the German federal states should have less influence over federal legislation.

The chancellor said Germany's political system "is the best constitution that we have had in our history". Discussion on reform was unnecessary "because there is no majority for change".

Mr Kohl also rebuffed the suggestion that after victories by leftist parties in the UK and France, his defeat next year was inevitable. Any comparison between his Christian Democratic Union and the British Conservative party "falls all the way down the line".

By Anatol Lieven in London

US mediator Mr Richard Holbrooke yesterday persuaded Croatian president Franjo Tudjman and Bosnian Muslim leader Alija Izetbegovic to agree on a list of Bosnian ambassadors by Monday.

Western countries had made progress on this issue a tonstone of progress on implementing the Dayton peace accord, brokered by Mr Holbrooke in 1995.

Mr Holbrooke went on yesterday to a meeting with Serbian president Slobodan Milosevic. US diplomats hope he will be able to persuade Mr Milosevic to put pressure on the Bosnian Serbs also to agree to the ambassadors list. This seems likely, since the main obstacle to agreement had been the determination of the Bosnian Muslims to keep their existing domination of the foreign ministry.

Mr Holbrooke, who is now in private business, was asked by the Clinton administration to return to the former Yugoslavia largely because of his personal rapport with Mr Milosevic, forged during the Dayton negotiations.

The State Department says he will be putting pressure on Mr Milosevic to help in the arrest of former Bosnian Serb leader Radovan Karadzic, wanted by the International Court for organising war crimes. It is understood he will tell Mr Milosevic a failure to co-operate will mean that economic sanctions remain. Mr Holbrooke is also expected to press

Holbrooke eyes accord on Bosnia ambassadors list

Mr Milosevic to grant more press freedom and to allow US observers to monitor the Yugoslav elections in September as part of the OSCE mission.

Speaking after the meeting in Split, Mr Holbrooke said the Croat and Muslim leaders had promised to speed return of Bosnian refugees to their former homes. Last weekend, Bosnian Croat mobs, allegedly helped by the local Croat police, drove several hundred Muslims from the Jajce region.

Mr Holbrooke said that President Tudjman had also promised to help in the arrest of indicted Bosnian Croat war criminals, something which he has so far resisted.

The US is presenting the agreement in Split as a significant breakthrough in the implementation of the peace process. Several western countries had suspended contacts with Bosnian embassies because of the failure of the three leaderships to agree on the ambassadors.

More sceptical voices among western analysts in the former Yugoslavia have however suggested this is actually rather a small step forward, and that promises on refugee return and war criminals have been made before, to little effect.

A senior European diplomat said yesterday that despite the latest accord, it looks "impossible" that conditions can be created in Bosnia within a year that would in fact allow the peacekeepers to withdraw on schedule without a serious risk of the war resuming.

INTERNATIONAL NEWS DIGEST

C&W ponders appeal in US

Cable and Wireless (C&W), Britain's second largest telecommunications company, is considering an appeal on a decision by the US telecom regulator to limit the amount US carriers pay their overseas counterparts for delivering calls.

C&W said yesterday it was seeking legal advice to see whether it could challenge a decision by the Federal Communications Commission (FCC) that will cut the average price of international calls from the US to 20 cents per minute, from an average 88 cents, over five years. "An appeal" must be an option and our lawyers will be looking at it," Mr John Taylor, C&W's director of group regulatory affairs, said yesterday.

US carriers paid about \$5.4m more than they were paid by foreign carriers to complete calls in 1996, reflecting both the high costs of overseas carriers and the large immigrant population in the US. C&W lawyers will have to wait to see the exact terms of the FCC order, which are expected to be published early next week, before advising C&W either to challenge the decision or to ask for the FCC to reconsider.

British Telecommunications, the UK's biggest carrier, however, said it welcomed any move that would ensure that telephone call prices reflect more closely the cost of delivering them. *Reuters, London*

ROMANIAN REFORMS

Closures prompt protests

Thousands of Romanian workers yesterday demonstrated and blocked main roads and railway lines after the government announced the immediate closure of loss-making factories.

The rallies were mainly peaceful, but in the town of Ploiesti, oil refinery workers are reported to have smashed up management offices. The workers said that they were especially angry that they had heard about the closures from television and had received no advance warning.

The protests appear to be the most serious since the new reformist Romanian administration took power last November. On Tuesday, the trades unions had claimed victory after the government agreed to a 17 per cent wage indexation for the third quarter of this year, and to continue electricity subsidies.

After long delays, the government however acceded on Thursday to demands by the International Monetary Fund for the liquidation of loss-making state plants, a condition of the granting of the next tranche of a standby loan. Some 30,000 workers are expected to lose their jobs as a result. *Anatol Lieven, London*

THAI BANKING

Depositor funds guaranteed

Thailand's central bank said yesterday it would guarantee that depositors at the country's remaining 15 commercial banks and 38 finance companies get instant access to their funds, a guarantee that will last two years.

The guarantee, supported by a new system that will recycle liquidity from large commercial and foreign banks operating in Thailand back into small banks and finance companies, is the latest step to halt a run on deposits that began with Tuesday's announcement that 43 finance companies were being shut down, in addition to the 16 closed in June.

There were signs yesterday that the run had tapered off but central bank officials still said they were uncomfortable that much of the money being withdrawn was being placed at foreign banks. The central bank said Thai and foreign banks would be asked to lend up to 50 per cent of the new deposits they have received since Tuesday to the central bank's support fund. Both the lending banks and the government will make a margin of 1.5 per cent over market rates on the money recycled through the fund. *Ted Bardack, Bangkok*

US DELIVERY STRIKE

UPS and teamsters in talks

United Parcel Service, the US package delivery company, and the Teamsters union yesterday entered a second day of talks aimed at ending a nationwide strike that began on Sunday night but there were no signs of a breakthrough in the negotiations. The union said the company had made it clear that it was still not prepared to yield on the main issues of part-time employment and pensions.

The Federal Mediation and Conciliation Service brought the two sides back to the negotiating table. They started talks on Thursday afternoon and continued past midnight, then re-opened the discussions at noon yesterday. UPS said its "final" proposal remained in the hands of union officials, and urged them to put it to a vote by their members. *Richard Tomkins, New York*

YUGOSLAV PRIVATISATION

Partners for power utilities

Yugoslavia's cash-strapped government is considering the restructuring and privatisation of Elektroprivredna Srijbe (EPS), a conglomerate of 23 power utility companies. Several Italian and Greek utility companies have apparently expressed interest in taking a strategic stake, reportedly worth \$1bn when the sell-off begins this autumn.

While Mr Milan Beko, Serbian privatisation minister, stressed the need for a capital intensive restructuring for EPS, he denied that any negotiations were taking place with foreign companies. He said restructuring investment would be sought via a strategic partnership with international markets. The latter route is barred because of under international sanctions. Serbia sold a 49 per cent stake in Telecom Serbia to Italian and Greek investors in June. *Matej Viskovic, London*

Dutch fasten belts for the big debate on Schiphol

Bing bong... "We are about to land at Amsterdam airport Schiphol. The cabin lights will be dimmed; please keep your seatbelts securely fastened and do not smirk until you are well inside the interminable Dutch debate over whether aircraft should be arriving here at all, especially at night..." bing bong

That debate, though, is at last coming to a head in the Netherlands. Do the economic benefits of having Europe's fourth largest aviation hub outweigh the environmental intrusion on those who live under the jumbos' wings?

Can the transport ministry tell a state owned airport what to do, without prejudicing its privatisation prospects?

And can the Schiphol

authorities bar flights at certain times, or by specific types of aircraft, when the government has been busily signing open skies agreements?

The last question is being addressed by a legal bench in Haarlem after Schiphol operators including Israel's El Al and Martinair, the charter joint venture between KLM and Nedlloyd, yesterday sought an injunction against the airport.

They are aiming to overturn a ban imposed this week on all new night flights, and on existing services between 11pm and 6am which use noisier wide-body aircraft such as the DC-10 and earlier Boeing 747s. The judge set aside the restrictions until a definitive ruling next Friday.

"It's a Kafkaesque situa-

tion," says Schiphol's Mr Ruud Wevers. The airport brought in the measures after the ministry said its traffic movements would otherwise breach noise limits which came into force at the start of the year. "No one has done anything wrong - not the pilots, not the air traffic controllers, not us."

The airport is in trouble simply because more pilots have chosen to bank to the left on takeoff than anticipated - bringing the drone of their engines closer to local communities. Schiphol's noise quota for the year, as measured by its impact on nearby homes, is therefore exhausted even before the summer holidays are over.

The pilots remain within their "tolerance area" for

departure trajectory as laid down for the nearly 90 airlines which use Schiphol. But the first year of the system has brought differences in interpretation between the airport and the ministry on how the agreed noise "contours" are to be read.

For the consensus minded Dutch, prolonged discussions are inevitable, particularly on infrastructural issues affecting the environment in a small, densely populated country which has long had a disproportionate share of world trade. Industry complains it can take 23 years to get a road built.

Schiphol, which directly and indirectly generates nearly 2 per cent of Dutch gross domestic product, derives much of its income from its role as a transfer hub. For as many as 40 per

cent of its passengers the airside walkways are all they see of the Netherlands. In cargo it ranks only behind London Heathrow - and it is the freight sector, along with charter operators, which would be worst hit by the ban. "If the judge approves the measures, they will be enforced," says Mr Wevers.

If the airport loses the case, however, the ministry will have to decide how it is to regulate traffic. Schiphol wants to be designated a "co-ordinated airport" under Brussels rules - like Frankfurt and Heathrow - so it gains greater freedom to say which new flights it will accept. The problem is that it does not yet suffer from the runway congestion which besets the British and German hubs.

Mrs Annemarie Jorritsma, transport minister, has the power to declare Schiphol "co-ordinated" but would set a European Union precedent if she did so on noise grounds alone. She has refused to contemplate such a move until 1999. By that time a decision should have been taken on whether the country is to get a new national airport or an extension of Schiphol, which in either event might be created on an artificial island in the North Sea.

Many resist further expansion. A noise nuisance commission received 135,000 complaints last year, and the figure is rising. A planned fifth runway at the existing site is being sold to the public on the basis that it will provide a light path further away from populated areas.

Schiphol moved 27.8m passengers last year, compared with a government cap of 44m, and posted net profits of FF172m (\$33m). A Lehman Brothers study suggests it could command a market capitalisation of up to FF4.8bn if floated. In June the cabinet agreed a 26 per cent stake (the rest is owned by the Amsterdam and Rotterdam municipalities) should be cut. The remaining questions over the future would, however, first need to be resolved. Although KLM and its industry partners account for more than two thirds of the traffic, new entrants arrive all the time, and cannot legally be turned away. This is "like moving the floor with the tap running," Schiphol maintains.

Gordon Cramb

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Current account surplus at almost 2.5% of GDP – the limit of US tolerance

Japan's surplus near 'danger mark'

By Gillian Triggs in Tokyo

Japan's current account surplus is edging closer to the "danger mark" of 2.5 per cent of gross domestic product – the level which the US government is widely believed to consider an acceptable ceiling.

Yesterday, Japan announced a surplus of ¥1.018bn (\$8.6bn) for June – 5.8 per cent higher than a year before and the third consecutive month of annual increase.

For the first half of the year – a more reliable guide to the underlying trend – the surplus was ¥5.064bn, or some 40.4 per cent higher than the same period last year.

This would probably leave the surplus running at between 2 to 2.4 per cent of gross domestic product in that period, economists yesterday forecast.

Although precise figures are not available, as second-quarter GDP data have not been published yet, these levels are markedly higher than the Japanese government forecast and likely to increase US-Japan trade tensions.

Any level higher than 2.5

per cent of GDP is expected to trigger strong complaints from Washington.

Japan's overall surplus remains well below the levels it recorded in the 1980s, but the trend is already being regarded with unease in US circles – particularly since most private economists believe it will continue to rise this year.

Mr Richard Jerram, chief economist with ING Barings in Tokyo said: "The surplus is just going to keep going up."

The Japanese government yesterday shrugged off these fears and insisted that the surplus should fall back soon.

It blamed the recent expansion of the surplus to the April increase in consumption tax. The government said the tax rise had dampened domestic consumption. As a result consumers were buying fewer imported goods, and manufacturers were trying to offset weak domestic demand by selling more goods overseas.

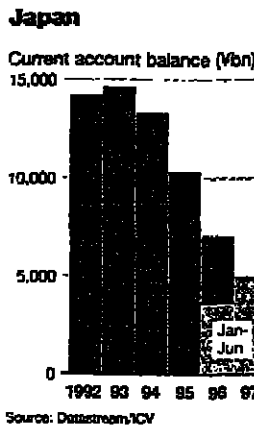
But although most economists believed until recently that the impact from the consumption tax would be short-lived, in recent days data have emerged suggesting that the Japanese domestic economy remains weaker than expected.

Meanwhile, Mr Shimpel Nuyaka, head of the country's Economic Planning Agency, yesterday admitted that the surplus in the 1997 fiscal year would be greater than the 1.4 per cent of GDP the government initially forecast.

Yesterday's data showed that the surplus in traded goods in June was 18.7 per cent higher than a year before, on the back of a sharp rise in exports.

The investment account surplus was 23.8 per cent higher in this period, largely because of a surge in the amount of income on overseas direct investments.

The deficit in services shrank in the month, to run 30.2 per cent lower in June than the year before.



Source: Datastream/ICV

Argentina in race to win Olympics for South America

Argentina was one of the handful of countries that took part in the birth of the modern Olympic movement in Paris in 1894. It looks like a case of peaking too soon.

The country is one of the 12 founding members of the International Olympic Committee whose candidacy to host the Games has been consistently refused.

South America has never hosted the Olympics. Yet Buenos Aires believes its claim on the Games is stronger than ever. "We have a unique project and clear advantages over the other candidates for 2004," says Mr Roberto Eguia, campaign spokesman. The key to the bid is that in this sports-crazy city about 75 per cent of the sports infrastructure needed already exists, mostly in a compact area along the banks of the River Plate.

The campaign has designated a 14km "Olympic Corridor" beside the river as the main home for the Games. It is bounded to the north by the stadium of River Plate football club, which would serve as the Olympic stadium, and in the south by the Boca Juniors ground, which would host soccer.

In between lie parks, derelict land, a redeveloped docks area, polo grounds and other sports and exhibition facilities. Only a few venues, including those for basketball, hockey and gymnastics, would have to be built.

The organisers also say all necessary non-sports facilities, such as athletes' accommodation, will be built as part of existing development plans, regardless of whether the bid succeeds. A benign climate, and low levels of violence by American standards, are also strong cards.

The bid is backed by almost \$70m of subsidies from local and national government, while sponsorship, licensing and funds from official suppliers are expected to bring in about \$250m.

Ticket sales and lottery receipts are forecast at almost \$200m. With television rights forecast to total up to \$1bn, Mr Eguia says, Buenos Aires expects to turn a modest profit.

The bid's weaknesses include Argentina's underdeveloped tourist industry, which means there would be a shortage of hotel rooms. Transport could be another problem. The city's underground system radiates from the centre, with no north-south axis. To compensate, one of the city's main north-south roads would be closed to all but Olympic traffic.

Ferries would have to be used to transport some athletes. The domestic airport, in the middle of the "Olympic Corridor", would have to be closed for noise and safety reasons. Buenos Aires has offered \$25m to help cash-strapped athletes who could not otherwise attend the Games.

Opinion polls show more than 80 per cent of city residents want the Games, and surprisingly Argentina's feuding political parties have united behind the bid. In a country where politics is the dirtiest game of all, that must say something about the power of the Olympic ideal, or at least about the power of the dollars that underpin it.

This is the second in a series about the cities short-listed for the 2004 Olympics.

Ken Warn

Spy saga revives worries about Russians

An extraordinary spy saga unfolding in Tokyo with all the hallmarks of a Cold War-era B-grade movie has imposed fresh strains on Japan's uneasy relationship with Russia and generated speculation among Tokyo's diplomatic community about Moscow's post-CGB espionage activities.

The Russian foreign ministry in Moscow last week angrily denied Japanese police claims that a Russian spy of Asian descent came to Japan in the 1960s, assumed the identity of a missing Japanese man and gathered intelligence for Moscow for more than 30 years.

The Russian official charged that the Japanese police reports were part of an "anti-Russian campaign" launched by conservative forces just as bilateral relations between the two countries were improving.

Tokyo's normally articulate foreign ministry has remained tight-lipped, saying only they are "investigating the matter". Japanese police have compiled a detailed case over six months of detective work and say they have sufficient evidence to enlist the aid of Interpol to trace the man, who left Japan two years ago for Beijing. A warrant for the man's arrest for violating the passport law has already been issued.

According to investigators, the man was sent to Japan by Moscow in the mid-1960s after studying Japanese and Spanish. He is believed to have come originally from one of the former Soviet republics, and with his Asiatic features and fluent Japanese, was able to pass himself off as Japanese.

He married a Japanese woman in 1976 and secured a job with a Japanese trading company in central Tokyo. His work enabled him to make contacts in business and political circles and, through such connections, form relationships with defence officials, according to



Yeltsin and Hashimoto in affable mood despite renewed difficulties

the police department's public security bureau. The man quit his job after four or five years, but continued to actively cultivate contacts in defence and business circles, and told his associates he was involved in "overseas ventures" for the trading company.

He illegally obtained a passport in the name of Mr Ichiro Kuroba, a Japanese man who disappeared in 1965 at the age of 34 in northern Japan, frequently travelled abroad, sometimes staying away for months on end.

The man's wife, whose name has been withheld, told police under questioning that her husband was now in Moscow but was not in regular contact with her. She said she had never suspected her husband was Russian, let alone an undercover agent, and believed his overseas trips were to visit his company's overseas branches.

She said her husband hated talking about his past and had forbidden her to enter the study in their apartment in north-western Tokyo. A police search of the man's apartment revealed a high-powered radio receiver, incriminating documents and tables of figures they believe were used to encode messages.

In a twist worthy of Hollywood's corniest spy movies, investigators say the man delivered confidential information to other Russian agents by using a "dead-drop" system of leaving microfilm in empty cans at predetermined sites in a park and a shrine in Tokyo. The man always used a particular brand of soft drink can as film receptacles and placed them on a wall in the shrine's grounds and under a bench in the park. The shrine and park were ideal drop places as they are quiet and have several exits, investigators said.

In a related charge – also denied by Moscow – police claim another Russian man who was first secretary at the Russian embassy in Tokyo was involved in the suspect's espionage operations. The diplomat in question left Japan abruptly in mid-July, shortly before police contacted the embassy about the case.

The affair comes at a time when Japan is showing unprecedented support for Russia's involvement in international forums, including the Asia-Europe Meeting, and leaders on both sides have vowed fresh efforts to resolve their bitter territorial dispute over Russian-occupied islands just north of Japan, known as the Kuriles. At the recent G-7 summit in Denver, Russian leader Boris Yeltsin and Japanese prime minister Ryutaro Hashimoto agreed to exchange visits, probably within the year.

Gwen Robinson

Jail numbers soar in US drive on drugs

By Leslie Crawford in Washington

A country-wide crackdown on drugs and drugs-related crime means that more than 1,000 new offenders were jailed in America's overcrowded prisons every week in 1996, according to a report published by the Bureau of Justice Statistics.

The country's soaring statistics make grim reading. By last year one out of every 183 US residents was locked up and by the middle of the year the total number of inmates had reached 1.6m, up from 1.1m in 1980 and 740,000 in 1965.

One in every 118 men and one in every 1,818 women were under the jurisdiction of state or federal correctional authorities. Longer mandatory sentences for drug offences are the main cause underlying the dramatic rise in the US prison population.

"The US is now building more prisons than it is building schools," says Ms Brett Dignam, clinical professor of law at Yale university, "and this is because of legislators' fascination for mandatory minimum sentences and the abolition of parole."

Politicians, driven by public pressure for tough action against crime, were increasingly unwilling to discuss social measures to deter crime or rehabilitation programmes for drug users, Ms Dignam said. "Nobody is elected these days by saying they will open up the country's prisons and find alternatives to incarceration."

California, which together with Texas and the federal prison system hold one-third of the country's inmates, has the most crowded prisons in the US, with twice as many inmates for its jail capacity.

The racial demographics of the prison population are another worry for advocates of penal reform.

At the end of 1995, according to the latest figures from the Justice Department, 3.5 per cent of all black men were in prison, compared with less than 0.5 per cent of the white male population. "Black males are seven times more likely than white males to be in prison," the report says.

Hispanics were the fastest growing minority group being imprisoned last year. In 10 years, the number of Hispanic inmates grew by 218 per cent to 174,000, according to incomplete reports. The bureau said the total number of jailed Hispanics could be as high as 200,000, compared to 610,000 blacks and 483,700 whites.

Violent offences were the main cause of incarceration of white males, while black inmates were more likely to be jailed for drug crimes.

Although women make up only 6.3 per cent of prison population, their numbers rose by 9.1 per cent in 1996, nearly double the intake of male prisoners.

"Drug-fighting legislation has been particularly harsh on women," says Ms Jenny Gainsborough of the Prison Project, a lobby group for prisoners' rights.

World Bank warns Kenya about corruption

By Michaela Wrong in Nairobi and Michael Holman in London

Kenya came under renewed pressure yesterday when the World Bank warned that unless its government tackled corruption issues which had triggered a cut-off in International Monetary Fund lending, Bank aid would also be "substantially reduced".

In the toughest message from the World Bank since the IMF last week suspended its \$200m loan programme, senior officials said the institution "took the issues that prompted the IMF decision 'extremely seriously' and was 'absolutely behind' the Fund."

Kenya was relying on World Bank funding to renovate its dilapidated road network, including the Mombasa to Nairobi highway, and modernise its energy sector struggling to meet demand.

"Now that the signal has been sent, we hope the Kenyan authorities are going to aggressively tackle the issues of economic governance," said an official. "It is in their interests to get round a table and settle these issues. Failing vigorous action, World Bank aid will be substantially reduced."

The warning was likely to further undermine the Kenyan shilling, which regained some ground yesterday but has lost nearly 16 per cent of its value in reaction to the IMF's "no confidence" verdict.

World Bank officials said in the circumstances it would now be impossible to disburse a \$71.6m structural adjustment credit, due this year but already delayed by Kenya's failure to satisfy specific conditions dealing with privatisation and energy sector management. While some individual infrastructure projects might be completed for contractual reasons, projects not yet declared effective would remain on hold until IMF governance concerns were met.

Contradicting a recent statement by Kenya's energy ministry that the breakdown in relations with the IMF would not directly affect power sector funding, Bank officials said a \$17.5bn (\$133m) energy sector project was among those now unlikely to go ahead.

The strong World Bank statement came as advocates of constitutional reform maintained pressure on President Daniel arap Moi, staging a national one-day strike to support demands for legal and constitutional changes before elections expected this year.

The protest turned ugly in Nairobi, where members of a 1,000-strong crowd that had gathered in the central Uhuru park set upon a man who pulled a knife and beat to death a policeman who had infiltrated the rally in plain clothes.

Supporters later marched through the centre of town, where the vast majority of traders had

closed their shops for fear of looting, breaking store windows, setting up barricades and throwing stones. Although the government had declared the strike illegal, the security forces kept a low profile, apparently wary of a repeat of July 7, when television images of riot police clubbing unarmed demonstrators shattered Kenya's reputation as a peaceful democracy.

The low turnout for the rally, and mixed responses in a scattering of main towns, appeared to reflect divisions in the opposition movement, which has recently split over the issue of whether to accept Mr Moi's pledges on constitutional and legal reform or hold out for more far-reaching changes.

Memphis braces for \$25m Elvis party

Elvis Presley can still draw a crowd. Memphis, Tennessee, where he died 20 years ago is bracing itself this weekend to withstand its biggest ever influx of Elvis-worshippers, flocking to the moonlit "Elvis Week" the city has yet staged.

It is expected to generate extra expenditure of \$25m in the city, over and above its normal tourist revenue, as the growing adoration for the most popular American entertainer of the century continues to grow.

Hotel rooms are all but impossible to come by. According to the Memphis Convention and Visitors' Bureau, there is not a hotel room to be had within a 90-mile radius of the city.

Graceland, the mansion where Elvis lived for much of his life, is offering a new "platinum" tour for the week, which will allow an expected 50,000 visitors to tread for the first time into Elvis's parents' bedroom. It seems unlikely, however, that visitors will be able to linger very long in the mansion, as tours are departing every two minutes. They must be booked 24 hours in advance. Graceland now has about 700,000 visitors a year, only about 20 per cent of whom say they



Elvis mania: Toon Mienwenhuysen, a Dutch Presley impersonator, wipes a tear from an Elvis bust which he claims is weeping for his fans, knowing how much they love him.

like the star's music. Elvis himself will perform live to give the week its finale next Saturday, the exact anniversary of his

death. At Elvis in Concert '97, Elvis's image will be projected onto the stage, and his taped voice will sing, while surviving musicians who played with him while he was alive, such as The Jordanaires, The Sweet Inspirations, and J.D. Sumner & the Stamps, play in person.

That will follow the annual candle-lit midnight vigil, for which thousands are expected. The week will bring dedication of a new Elvis statue, the Elvis Memorabilia Auction and Conversations on Elvis, featuring his old high school classmates. Visitors can also roll up to the annual "Fan Club Frenzy", or to the reunion of the Memphis Mafia.

More academically rigorous fare is available. The University of Memphis is holding a seminar on Elvis's life and times, while Memphis College of Art is hosting a week-long conference organised by the Institute for the Living South. Scheduled talks include "African-American Vernacular Art and Elvis", "Elvis Presley and the Elasticity of Gender", "Elvis Was a White Negro First", "Elvis: Lost in the Nixon White House", "Elvis and the Apocalypse", and "What Really Happened in Bethlehem" (a talk which includes representatives of the First Presbyterian Church of Elvis).

Elvis has even begun to take on some of the trappings of a religion, and a World Wide Web even has a site run by the "First Church of Christ, Elvis". But there is still at least one individual who can draw more people to Memphis than Elvis. The biggest convention in Memphis each year is held by the Church of God and Christ, a large denomination based in the city. Its annual meeting, held in November, is expected to attract more than 80,000 visitors.

John Authers

The bottom line...



"The decision to move our European reservations Centre to Ireland has been entirely positive. In a very short time frame in which to have everything in place for the start of the operation, we have found everyone here to be friendly, efficient, and as determined as we are to make this a success story."

Hans Mirka, Senior Vice President International, American Airlines



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Deputy premier rejects local objections against building on 'protected' rural land

Philips may open big plant in England

By Richard Wolfe in Birmingham and Liam Halligan in London

The government yesterday brushed aside environmental concerns by approving the construction of a £1.5bn (\$2.4bn) semiconductor plant on farmland north of Birmingham, the second largest city in England.

Several international electronics groups are said to be keen to invest in the region, which has full access to European Union grant aid and is close to the UK's manufacturing heartland.

Philips, the Dutch electronics

group, is understood to be the front-runner to invest on the Birmingham site. The company yesterday confirmed it was still considering the site alongside other locations in mainland Europe, north America and the Asia-Pacific region.

Mr John Prescott, deputy prime minister, overturned an inspector's report which rejected the plans for the plant near Birmingham after a public inquiry earlier this year.

The government said the loss of 57ha of "green belt" land was justified by the urgent need for high-technology investment in the

west Midlands region of England. The new semiconductor plant is expected to create up to 4,800 jobs. "Green belt" land is intended in principle to be left undeveloped to prevent cities from merging into vast conurbations.

The semiconductor plant is the second blow to the region's "green belt" in two weeks. Last week the government also gave planning permission for a Birmingham relief road to be constructed nearby.

Development of the semiconductor site has proved controversial with residents of the prosperous suburb of Sutton Coldfield nearby.

The decision to grant planning permission drew sharp criticism from Sir Norman Fowler, MP for Sutton Coldfield and a former chairman of the opposition Conservative party. "This decision is a scandal," he said. "It leaves Labour's green belt policy in tatters. If such land can be used for industrial development, very little is safe."

However, local business leaders yesterday gave the project wholehearted support, arguing that the plant will create a new electronics sector in the region. The West Midlands economy is still dominated by traditional metal-based manu-

facturing, particularly the car industry, and has little electronics activity. The need for a large greenfield site was highlighted by Siemens' decision 18 months ago to locate its £1.1bn semiconductor plant in north-east England. Siemens, the German electronics group, wanted to locate in the Midlands but was unable to find a suitable site.

West Midlands Development Agency, which promotes the region to inward investors, said it expected to secure an investor for the site near Birmingham within the six months.

Tunnel swallows investors' hopes

One of thousands who had faith in the Anglo-French project looks back in anger

When Mireille Giovine, a retired singer and French civil servant, first heard during the 1980s about the plan to build a tunnel under the English Channel, she was overwhelmed with excitement. "I thought it was fabulous," she enthuses. "It was like the building of the pyramids. It was the project of the century."

She did not have any money to spare when Eurotunnel first lured individuals to buy shares in 1987. But when a life insurance policy matured two years later, she had no hesitation in deciding where to invest the cash she was saving to buy an apartment.

Like many of the company's 720,000 shareholders, she now looks back in anger, her shares all but worthless. For Ms Giovine, from Evry, just south of Paris, investment in Eurotunnel was an act of faith. Prompted initially by the advice of a friend, and egged on by her banker, she bought with next to no knowledge of the stock market.

"I didn't know what shares were. I thought they were safe, like loans. I believed that the French and British governments were more or less behind the project."

In the years since 1989, she diverted everything she could into the company: gold coins inherited from her father, her share of the proceeds when the family house was sold - FF300,000 in all.

"It was terrible," she recalls. "I persuaded my brother - who didn't have the means - to invest, too."

She has now joined

At the company's extraordinary general meeting last month, the organisation rallied scarcely 3 per cent of the votes in its efforts to block a deal between Eurotunnel and its creditor bankers to restructure its £8.5bn in junior debt. But even most of Eurotunnel's more moderate and informed investors share the view that the banks have wielded an unfair proportion of power for too long.

'Some shareholders in Eurotunnel would probably be better off donating their money to charity'

Richard Hannah, transport analyst at UBS

Alongside the contractors - now in dispute with the company over the heavy cost overruns which helped to double the original estimates of the bill for building the tunnel - bankers dominated in the early days on the company's board and in its decision-making.

Some shareholders including Tractebel, the Belgian utilities group, supported last month's deal very reluctantly. "Tractebel did so because the UK and French governments had said that, if the plan was rejected, they would not stop the banks from exercising 'substitution' rights. That would have led to the appointment of another operator for the tunnel, leaving existing investors with shares in a worthless shell company."

The governments were guided by the principle set down by Margaret Thatcher, then Britain's prime minister, that "not a public penny" should be spent. Yet, it seems increasingly clear



Mireille Giovine: if she were reimbursed "I would burn the money in front of the Elysée"

that large infrastructure projects can rarely cover their construction costs on operating receipts alone, and need some form of state intervention.

"Shareholders were naive and stupid to believe that there was an implicit government guarantee," says one banker. "In some ways, I have no sympathy. But Eurotunnel was a public sector project that was financed totally inappropriately by private sector money. That's outrageous."

There seems little doubt that many individuals enticed into investing in the company were ill-prepared to understand the risks. As Mr

Richard Hannah, transport analyst with UBS, says: "Some shareholders seem to hold Eurotunnel for the good of the nation. They would probably be better off donating their money to charity."

Certainly, Mr Patrick Ponsolle, Eurotunnel's executive chairman, has argued several times that it would make more sense for individual shareholders to be involved in a project only once it is operating, with some of the greatest financial uncertainties behind it.

Such recommendations have been heeded. Mr Adam Mills, chief executive of London & Continental Railways, the consortium which

is at last building - and will operate the high-speed rail link between London and the tunnel, says: "We tried to learn all the lessons of Eurotunnel. Our whole structure is set up quite deliberately to be different in almost every respect."

As for Giovine, she maintains the French and UK governments should have bailed out Eurotunnel's shareholders long ago. "But," she adds, "if the state ever reimbursed me, I would take out my money and burn it in front of the Elysée. What's happened has been so dishonest."

Andrew Jack

Acquitted soccer player faces inquiry

By John Mason and Simon Kuper in London

The Football Association is to investigate the background to the bribery allegations made in the trial of Mr Bruce Grobbelaar, the former goalkeeper finally acquitted of match-rigging charges, it announced yesterday.

The former Liverpool and Southampton player walked free from Winchester Crown Court after the jury was unable to reach a verdict on whether he accepted a £2,000 (\$3,260) bribe to fix the result of a soccer match.

On Thursday, Mr Grobbelaar, fellow players Mr John Fashanu and Mr Hans Segers, and Malaysian businessman Mr Heng Suan Lim were all cleared on other charges alleging they plotted with a Far Eastern betting syndicate to rig the results of Premier league matches.

After the jury announced it was deadlocked, the Crown Prosecution Service said it would not be in the public interest to put Mr Grobbelaar on trial again. He was then acquitted on the direction of the judge.

The FA, the governing body for the game in England, later announced

that its investigation into the rules on betting and forecasting would cover the player's conduct. In their defence, Mr Grobbelaar, Mr Segers and Mr Lim insisted they had taken part in a legal forecasting scheme.

Mr Graham Kelly, the FA's chief executive, said he could not rule out investigations into the conduct of Mr Segers and Mr Fashanu.

"There are issues here which need to be cleared up for the future of football in England," he said. The FA had set up the investigation in order "to leave everybody in no doubt that the game is above reproach".

Despite their acquittals, the three footballers now face substantial legal bills. The trial judge, Mr Justice McCullough, rejected pleas from Mr Fashanu and Mr Segers for their legal costs to be paid from public funds.

The two players had acted in ways that brought suspicion upon themselves, he said.

Mr Fashanu had received payments from the Far East which he placed into bank accounts in the names of other people. Mr Segers had told "the up lie" to police when questioned why he had more than £100,000 in a Swiss bank account, the judge said. Mr Grobbelaar

made no attempt to recover the £30,000 he contributed towards his legal aid bill.

The Football Association understands that it is crucial to dispel any fears that the game is corrupt. The last two years have seen Dynamo Kiev briefly banned from European football for trying to bribe a Spanish referee with furs; the former Swiss referee Mr Kurt Rothlisberger banned from the game for life for allegedly offering to bribe another referee; and Mr Bernard Tapie, the former French minister, jailed for match-fixing and financial mismanagement at Olympique Marseilles.

Retailers count on kickstart from supergroup

Look inside any British record store this weekend, and it will almost certainly be plastered with posters for *Be Here Now*, the next Oasis album, even though it will not go on sale for a fortnight.

Record retailers are counting on Oasis to revitalise the music market after a sluggish summer. On Tuesday, the British Phonographic Industry, which represents the UK's record companies, will release data showing a fall in sales during the second quarter, the second successive quarterly decline. So far, the third quarter has been static.

Meanwhile, the strong pound is depressing the music industry's foreign earnings at a time when international interest in UK acts, such as the Prodigy and Spice Girls, is at its

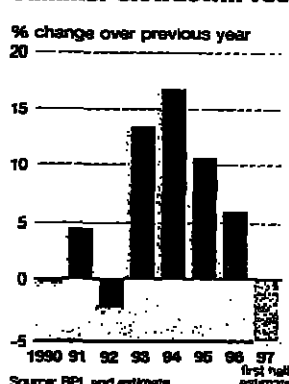
Record industry is struggling to recover from falling sales

highest level for years. These difficulties follow a buoyant period which saw the industry attain wholesale sales of £1bn (\$1.63bn) last year.

The principal reason for the market's weakness is the relatively low calibre of releases. Sales fell sharply during April and May, but rallied in June with the launch of critically-acclaimed albums from Radiohead and the Prodigy. This suggests the market will recover after the launch of eagerly-awaited releases from Oasis, the Spice Girls, the Verve and M-People.

However, there are underlying pressures in the market place. Prices have been squeezed by the expansion of supermarket chains which

Summer slowdown: recorded music sales



Source: BPI, and estimate

have added music departments to most large stores over the past year or so, and are now selling discounted chart albums.

Record labels have created their own price war for the



singles sector. It is now common to sell singles for £1.99 during the first week, to increase their chances of entering the chart at a high position, before raising the price to £3.99.

Mr John Preston, chairman of BMG (UK), which includes Gary Barlow and M-People among its artists, suspects that the combined effect is a "squeeze on margins" across the industry, and a "polarisation" between best-selling artists and less successful acts.

Superficially, the situation is brighter on the international front. The global success of *Morning Glory*, Oasis' last album and the Spice Girls' *Spice* (with respective non-UK sales of 9m and 12m) ended a fallow period for new UK acts abroad. British dance music has been hyped by the US media since the new album by the Prodigy, cover stars of the latest *Rolling Stone* magazine, went straight to the top of

the Billboard chart last month.

Record companies now find it easier to market UK acts internationally. "Suddenly they've recognised the quality and diversity of British music," says Mr Paul Conroy, chairman of Virgin Records (UK), which represents the Spice Girls and George Michael.

However, the pound's rise has depressed the returns from sales outside Britain. Large record companies are less exposed to currency fluctuations because they license UK acts to other subsidiaries of their multinational parent companies. But independent labels export directly, and many are financially dependent on their dwindling receipts from outside Britain.

Alice Rawsthorn

UK NEWS DIGEST

Sterling sinks lobster prices

Discerning diners, at least, can take joy from the pound's recent strength. The rise in sterling has sent lobster prices sinking and top restaurants are making special offers. At Le Gavroche, the Roux brothers' restaurant in Mayfair, central London, a lobster starter is now on the three-course fixed price lunch - which costs £38 (\$65.57) including service and wine - while a special lobster dish is on the menu every evening. Mr Jean-Claude Peschaud, manager at Le Gavroche, said: "We are buying at good prices."

Mr Neil Pass, head chef at Bentley's, the Mayfair restaurant which specialises in seafood, was delighted yesterday. "I've just bought 100 lobsters direct from Newcastle [north-east England], nearly £2 a pound cheaper." He paid £3.58 per lb, down from his normal price of £5.31.

Mr Joel Kissin, who runs Sir Terence Conran's chain of restaurants, said prices for native lobsters had fallen to equal Canadian lobsters, enabling him to switch to the species "lobster snobs" prefer.

But the pinch is being felt by the lobster fishermen. Mr Arthur Cook, of Bridlington Trawlers, a north-east fishing group, said "prices we're achieving have fallen 35 per cent in the last five weeks. It's a buyer's market."

About three-quarters of British lobsters are exported, mostly to Europe. But the high pound and the recession in France have deterred those buyers, slashing exporters' margins and leaving more to be absorbed by the British market. Imported Canadian lobsters are cheaper as sterling's rise offsets higher north American prices, said Mr Fred Stroyan of New England Lobsters, a large importer. He is paying about £5 per lb for Canadians, £1 per lb less than a year ago.

Maggie Orr, London

EURO TRANSFERS

Banks may join system

Non-UK banks are considering signing up with the UK's high value payment system to handle euro transfers after the introduction of the single currency in 1999.

Chaps, the system for high-value instantaneous sterling transfers between banks, is already building a parallel system to deal with euros from January 1, 1999, whether or not the UK joins European monetary union.

The Bank of England said yesterday in its latest progress report on preparations for Euro that Chaps was talking to banks from a number of different countries interested in joining its system, which already includes Deutsche Bank of Germany and Credit Lyonnais of France among its starting clearing members.

The Bank said it was still "prudent for the UK financial community to plan on the basis that Euro will go ahead on 1 January 1999". It said the evidence that financial institutions were getting ready for Euro was "broadly reassuring".

Chaps will be connected through the Bank of England to Target, the new system linking EU central banks which is expected to become the main channel for large cross-border euro payments.

George Graham, London

LEGAL BATTLE

VAI subsidiary fined \$204,000

The UK subsidiary of VAI, the Austrian engineering company, was fined £125,000 (\$203,750) yesterday after a High Court judge ruled it had committed a serious contempt of court when some of its employees ignored a court order and destroyed documents wrongly obtained from its commercial rival, Davy International.

The ruling ends the first round in a long-running legal battle between VAI and Kvaerner, the Scandinavian conglomerate which owns Davy. In a pending case, Kvaerner is suing VAI, alleging it used information from the documents to secure a £1m steel contract with Saudi Arabia. That case is not expected to be heard in the UK courts for several years.

Mr Justice May cleared the Austrian parent company of wrongdoing. However, he said the action of VAI (UK) through the actions of its former chief executive Mr Roy Tazzyman, amounted to an "organised evasion" of a court order which had to be punished.

John Mason, London

TELEWEST JUDGMENT

Sacked salesman wins \$28,500

A salesman who was sacked after he tried to alert his employers to fraud has been awarded £17,466 (\$28,469) by an industrial tribunal in Birmingham.

In a devastating judgment against Telewest Communications (Midlands and Northwest), part of the UK's second biggest cable group, the tribunal said the company's defence had been struck out because its conduct in defending the proceedings had "been both frivolous and vexatious".

The judgment says: "The employers... appear to have dismissed a potential whistle-blower to save serious corporate embarrassment."

Mr Richard Jordan, 42, was sacked in 1995 three months after Telewest had announced an agreed £87m merger with his employer, SBC Cablecomms UK, a joint venture between two US companies, Southwestern Bell and Cox Communications. However, Telewest did not take management control until a month after the dismissal.

The tribunal's judgment says Mr Jordan stumbled across an internal accounts and commission fraud. "In broad terms it involved a sales representative and his manager colluding to inflate sales figures, on which they were paid commission, in a variety of ways. The sums involved were significant."

When Mr Jordan tried to report his concerns to his managing director, he was dismissed. The tribunal says the fraud had the effect of greatly inflating the SBC's turnover figures while the company was in negotiations with Telewest. Telewest said it accepted the industrial tribunal's decision, but had no comment to make on matters which occurred before its merger with SBC in October, 1995.

Andrew Bolger, London

ARMY HELICOPTER ACCIDENT

Pilot error 'caused crash'

An Army Board of Inquiry has attributed to pilot error a helicopter crash in former Yugoslavia in which four British soldiers died, it emerged yesterday.

The Army Air Corps Lynx plunged into the sea off Ploce in Croatia in August 1995 after failing to pull out from a low level manoeuvre.

Sergeant Martin Osborne, who was flying the aircraft at the time, swam clear but drowned after "courageously" diving down to try to save his colleagues who were trapped in the wreckage. One soldier on board swam to safety.

A Ministry of Defence Board of Inquiry, which reported yesterday, concluded that "the aircraft commander landed the aircraft in such a manner as to fly it into the sea". Asked if that meant pilot error was responsible for the crash, a senior government official said: "I have to say so." The board exonerated Westland, manufacturers of the Lynx. It said that "meteorological conditions were good, and the aircraft was fully serviceable."

The accident happened during a training exercise while the crew was preparing for operations in former Yugoslavia with the United Nations Rapid Reaction Force. The inquiry said "harsh" flying restrictions imposed by Croatian authorities had "dismayed the crew, the opportunity to train freely, which contributed to the crash."

The UK Ministry of Defence said the crash took place at a time when "the no-fly zone was at its widest" over former Yugoslavia.

Liam Halligan, London

Blair learns from Clinton's early errors



Labour's first government for 18 years, formed 100 days ago on May 2, set out to provide a breath of fresh air after the infighting and sleaze that marked the collapse of its Conservative predecessor. But is the administration better at controlling its image than at taking hard choices?

By John Kampfner and George Graham

"Remember guys in the military," the warning by one of Mr Tony Blair's top aides, was part of painstaking preparations by the Labour leadership for the advent of government.

One hundred days into the new administration, the prime minister's team are congratulating themselves on their performance. Mistakes may have been made, the early aura of invincibility has been dented, but the disasters of the early stages of President Clinton's reign have been avoided.

In public, Mr Blair's allies deny

the Clinton connection. "The British people voted for the New Labourisation of the country, not Americanisation," said Mr Peter Mandelson. The changes brought about in and outside Labour had "nothing to do" with the US.

But Mr Blair and his advisers looked carefully at the US - consulting figures in the White House - before and after the general election. During the campaign, Mr Blair sought to allay fears of a left-liberal takeover of metropolitan causes. His stabs at the daring were carefully tailored. Reforms in health and education were predicated on tight spending targets. Constitutional

radicalism was tempered. Commitments were prioritised in his 10 point "contract with the people".

Ministers would "hit the ground running", Mr Blair said, they would see through their promises, but would not promise more than they could achieve. As they planned their legislative programme, officials harked back to November 11 1992, eight days after the US elections.

Mr Clinton's campaign had laid out a detailed programme for checking actions against pledges. But no matter how careful the planning, the president-elect was "bounced" off his agenda.

After a ceremonial Veterans Day appearance, Mr Clinton was asked by reporters whether it was still his intention to legislate to allow homosexuals to serve in the armed forces. Mr Clinton said "yes" and spent the next six months ruling his candour.

For Republicans in both houses of Congress, the issue created a rallying cry. But it also moved many of Mr Clinton's fellow Democrats into opposition.

It was the first of many headaches. Initial appointments ran into trouble. His first choice as attorney general, Ms Zoe Baird, turned out to have hired an illegal immigrant as a nanny and then failed to pay the appropriate taxes. His second choice, Judge Kimba Wood, had also hired an illegal immigrant as a cleaner.

On the economy, Mr Clinton ran into trouble with his \$500bn package of spending cuts and tax increases spread over four years. But it was his proposal to tax energy, later dropped, that encountered most hostility in middle America.

By the end of Mr Clinton's 100 days, he had passed a much

altered economic stimulus bill - viewed by many as unnecessary as the economy was already recovering - but the broader budget package was stuck in the congressional machinery.

Five years on, and re-election behind him, those events seem unrecognisable now. But to the Blair camp they provided essential learning blocks.

Mr Blair has adapted Mr Clinton's presidential style to the UK. Important decisions are agreed between the main players in advance, leaving cabinet meetings as mere endorsements. Mr Blair has granted considerable autonomy over detail to his senior ministers - notably Mr Gordon Brown, the chancellor.

Yet on the big strategic and presentational picture, he has exercised a tight grip.

On the policy front, Mr Blair has a huge parliamentary majority, in contrast to confrontation with Capitol Hill that bedevilled Mr Clinton's early years. Only the House of Lords presents any trouble to the legislative programme, and peers will be wary of encouraging Mr Blair to move

more quickly to abolish hereditary voting rights. The Blair government has been assiduous in keeping to a grid of policy commitments. His Queen's Speech on May 14 spelt out more than 20 bills, as well as the finance bill enacting the Budget, would be pushed through by summer recess at the end of July - those enabling referendums to take place on Scottish and Welsh devolution, and the phasing out of the assisted places scheme for private schools to inject cash into reducing primary class sizes. These were achieved, almost seamlessly.

For all the caution, the first 100 days have seen more radicalism than many had anticipated. The first surprise was sprung within days when Mr Gordon Brown, the chancellor, granted independence to the Bank of England to set interest rates. To offset that, the Bank saw its City regulatory powers transferred to a new supervisory body.

Interest rate autonomy was hailed as a coup, relieving Mr Brown of difficult decisions

ahead. Four rate rises later, however, many in the Labour party are wondering about the merits of self-imposed monetary impotence.

Another surprise decision also looked good at the time. The appointment of Lord Simon, chairman of BP, as minister for competitiveness in Europe, marked the apogee of the new-found warmth between Labour and business.

The furor that followed the forensic work by Mr John Redwood, shadow trade and industry secretary, over Lord Simon's BP share holdings, saw some of that glow wiped off. Improperly was not the immediate issue. Transparency was. The main difference between the Blair and Clinton 100 days, ministers believe, was not the avoidance of setbacks and unforeseen events, but preventing them from knocking the programme off course.

There will be little time in the next year for diversions. Momentum will be the key to ensure that Mr Blair emulates Mr Clinton in achieving a second successive term in office.

WHITEHALL - civil servants face changes

A quiet purge in the corridors of power

By John Kampfner, Chief Political Correspondent

A quick look around their Whitehall departments convinced incoming Labour cabinet ministers of one thing: many of their civil servants were stuck in their old ways. They would either have to learn new habits or move on.

Three months into the new government, a quiet purge is taking place. Several permanent secretaries are preparing to retire. Some of them had long intended to use the change of government as an excuse to bow out.

Yet there remains a barely-concealed disdain for the way many civil servants conducted themselves under the Conservatives.

Labour officials identified several weaknesses in the approach of Mr John Major's cabinet. These included what they saw as a lack of leadership from Downing Street, an excess of autonomy for government departments - allowing ministers to fight turf wars, a lack of strategic policy planning, unnecessary lines of demarcation between government and party competence, and unregulated relationships with journalists. Mr Tony Blair is known to have little patience for the way many permanent secretaries operate. Relations are correct, but rarely warm.

ent than it was under the Conservatives: when is political neutrality compromised by the requirement to convey government policy in the best light?

Mr Blair has adopted much of the management style of Lady Thatcher. Key decisions are agreed with senior ministers before they get to the weekly cabinet meeting, which are pure endorsements of policy. He has exerted tight central control of Whitehall, blurring the boundaries of government and party. Lady Thatcher saw many civil servants as crusty. They saw her and her aides as riding roughshod over convention.

The difference now is that Labour is more assiduous in doing it. In the old days, press

the number of special advisers - political secondments to the civil service by the taxpayer - for key cabinet members. After working so intensely with a small team of researchers and advisers in opposition, it is not surprising that new ministers feel so reliant on them.

The number of political arrivals in Downing Street has increased significantly. The appointment as chief of staff of Mr Jonathan Powell, plucked out of the diplomatic service to head Mr Blair's office in opposition, upset several top mandarins.

Some of the tension around Downing Street and the cabinet office is likely to dissipate when Sir Robin Butler, the long-standing cabinet secretary, stands down. His successor, Sir Richard Wilson, chosen by Mr Blair from the Home Office, will get on better with the new regime.

Lack of preparedness is not to blame for the tensions in Whitehall. Mr Mandelson and Mr Powell were planning for power long before the election.

Two innovations helped - Mr Major's decision to allow permanent secretaries to meet shadow spokesmen several months before the election and Labour's away-days at Templeton College, Oxford, for aspiring ministers.

But the new incumbents were startled to encounter a system that was so technologically backward. They cannot even e-mail each other.

Within days of taking over their departments, the leading ministers gave "mission statements" to their civil servants, setting out - in a modern context than before - their aims. Many officials, especially the younger generation, saw the new approach as a breath of fresh air.

The most harmonious operations seem to be where both sides have met each other half-way. Ministers have had to be convinced that the heavy-handed interventionism that typified the party's Millbank headquarters does not rest easily in a complex web of departments, where strict propriety must be observed.

"They seem to have this perpetual fear of being sucked in to some pernicious system," said a senior civil servant. "Sometimes I think they see obstacles where none exist."

Within days of taking over their departments, the leading ministers gave 'mission statements' to their civil servants

officers saw their job as providing written answers and information on a "need to know" basis. Now ministers are ordering them to "think strategically", to get information out to broadcasters before bulletins and to invite journalists in for briefings - in short, to act more proactively.

"We've doubled the volume," said a minister. "They'll soon get the hang of the way we work."

On the surface, there would seem little cause for concern. After 18 years of one-party hegemony, and the slow decline of Mr Major's administration, it was perhaps inevitable there would be changes.

So far, three directors of information - chief press officers - have chosen or asked to leave. Others are likely to go, partly in protest at seeing their autonomy undermined. They did not appreciate having party officials "shadowing" their jobs.

One of the first moves of the administration was to increase



PITFALLS

Dangers lurk in thorny areas of legislation

By John Kampfner

The hardest part is yet to come. For Mr Tony Blair, the first 100 days have been carefully tailored to make progress in areas of legislation that pose few problems.

But a number of potential pitfalls lie ahead. The most pressing long-term concern is public spending. Mr Gordon Brown, the chancellor, has locked government departments into budgets set by the Conservative government for the next two years.

More money has been found for health and education - the areas Mr Blair has made clear are by far the most important to voters. But the first signs of trouble have appeared. Local authorities such as Oxfordshire have been forced to shed teachers, in conflict with the long-standing pledge to reduce class-sizes.

"It's only when stories appear of people dying on hospital trolleys that we'll hit trouble," said a minister.

Mr Brown, who is undertaking a comprehensive spending review, says health and local education authorities have enough contingency reserves. On public sector pay, ministers believe they have squared the leading unions to expect extremely tight pay settlements.

Antagonising public sector workers is one thing, alienating the middle classes quite another. Mr Brown may, by the time of his next Budget early next year, be wrestling with the conundrum that has done for many a previous chancellor - rising interest rates, the effects of a short-lived consumer boom, and demands from the TUC and CBI for tax rises.

All spending plans will be predicated on Mr Brown's handling of the economy. With control over interest rates now out of Treasury hands, continued volatility in sterling could play into the hands of advocates of monetary union.

A decision on whether to participate in the first wave of the single currency in January 1999 - the issue that dogged Mr John Major's government - has to be taken by February, when the UK holds the EU presidency.

Assertions by Mr Blair and Mr Robin Cook, the foreign secretary, that UK entry in January 1999 was all but ruled out have been overtaken by indications from Mr Brown that it could still be possible.

As decision time approaches it may be increasingly difficult for Mr Blair to maintain a united front on the issue.

After the splits that characterised the Major years, Mr Blair is determined to prevent dissent. A new code of conduct for ministers and rules for the parliamentary party have been drawn up to punish open criticism.

With a majority of 178, Mr Blair can afford to accommodate a few dozen hard left malcontents, many of whom have already spoken out. Their clout is negligible. What matters more is if the "inside left" begins to express its dissatisfaction over spending cuts and other issues.

Other future problems include:

- Coping with the growth in the prison population bequeathed by the Tories.
- Farmers becoming impatient that the EU-imposed beef ban is not being lifted.
- Multi-party talks in Northern Ireland.
- The devolution agenda, particularly in Wales.

REVIEWS - more than 40 have been announced but any more must be cleared by prime minister

Number 10 draws curtain on Westminster 'farce'

By George Parker, Political Correspondent

A review of Mr Tony Blair's first 100 days would not be complete without a review of his reviews. Since May 1 Whitehall has become bogged down in a welter of policy reviews, ranging from studies of tolls on the Skye bridge to one into silicone breast implants.

The new government's review culture has become a standing joke at Westminster. Tories claim that if the prime minister is stuck for an answer at question time, he either insults the opposition or announces a new policy review. More than 40 reviews have been announced across all government departments. More are threatened.

In the end it had to stop. Mr Blair issued a warning to the cabinet last month that ministers should concentrate on implementing manifesto pledges instead of delving into new areas of policy.

Sir Robin Butler, cabinet secretary, wrote to ministers saying

that any future reviews would have to be cleared first by Number 10. "Mr Blair has asked that reviews should be established only where one of two conditions has been fulfilled: either an explicit commitment has been made in the Labour manifesto, or there is collective ministerial agreement that the government wants to make changes in a particular area and has a realistic prospect of doing so," he said.

The edict drew a heavy sigh of relief from Whitehall, where civil servants have been swept off their feet by the hyperactivity of a party deprived of power for 18 years.

Tories claim the government's review culture was a symptom of its inexperience and an acceptance that things were more complicated in office than in opposition. They point to the disastrous "accelerated" roads review of 12 urgent projects given approval under the Tory administration. Before the election Labour opposed many of the roads, but in power it suddenly found compelling arguments the other way.

Decisions deferred: the main reviews

- Treasury: Comprehensive spending review, private finance machinery, tax and benefits system, pensions.
- Defence: Strategic review.
- Health: Surrogacy, silicone breast implants, NHS private finance initiatives, breast cancer screening, health services in London.
- Culture: Millennium celebrations, film policy, the National Lottery, sport on TV.
- Justice: Criminal justice system, civil justice and legal aid.
- Crown Prosecution Service: Asylum and immigration.
- Cabinet: Quangos, access to government information.
- Scotland: Roads programme, transport, social rented housing, water authorities, Scottish Enterprise, Skye Bridge tolls.
- Others: Licensing arms exports, live export of animals, scrapping quarantine laws, bureaucratic burden on teachers.

The subsequent review only served to highlight the contradictions of Labour policy and ministerial uncertainty. The biggest scheme, a new motorway relief road around Birmingham, was approved, even though Labour shadow ministers had condemned it months earlier. On five other schemes, including the widening of the M25, ministers could come to no decisions at all.

Mr Peter Luff, Tory MP for Mid-Worcestershire, who has asked a series of questions about the reviews, said: "I can't under-

stand why a government that has been out of office for so long should still have so many question marks over policy. The whole thing has turned into a farce."

He believes that many reviews - like the roads one - will produce unpalatable proposals for action. "The chickens will come home to roost," he said.

Downing Street says the government has had no need for reviews on its main manifesto pledges, which have been implemented with impressive speed.

Pledges on the scrapping of the assisted places scheme, the NHS internal market, and the introduction of the welfare-to-work programme, have all been quickly followed through.

The emphasis in future would be on sticking firmly to the manifesto instead of getting diverted into policy side alleys. Indeed, some of the reviews are so arcane that the government lost track of them when answering Mr Luff's questions.

But a number of vital reviews are already under way which will

have a serious impact on government policy and public spending.

The most far-reaching is the Treasury's comprehensive spending review, which reaches into every government department. Mr Gordon Brown, the chancellor, wants to find savings to fund the government's programme, avoiding any need to raise personal taxes. The strategic defence review is another sprawling piece of work, designed to match Britain's armed forces with its foreign policy aims. The outcome will have a profound effect on military equipment orders over the next 20 years.

Outsiders have been brought in to head other reviews. Mr Martin Taylor, chief executive of Barclays Bank, is examining the tax and benefits system, while Mr Stewart Till, president international of PolyGram's film division, is surveying the film industry.

Other big reviews focus on the future of London's hospitals, the criminal justice system, legal aid, the millennium celebrations and NHS private finance initiatives.

COMMENT & ANALYSIS

FINANCIAL TIMES

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A hundred not out

When the deputy prime minister claims to be able to control the British weather, it is time to take a long, serious look at his record. Why, Mr John Prescott was asked, is Labour making such a jamboree about its first 100 days in office while interest rates keep rising and a bouncing pound threatens to hit manufacturers right between the eyes? Mr Prescott swatted the question to the boundary, then switched subjects adroitly. The water companies had been facing a drought, he said. He'd called a conference. It has rained ever since.

Mr Peter Mandelson, minister for manipulating the media and organiser of today's jubiliations, could not have done better. Labour may not claim credit for sunshine during the Test match, but it would like to insinuate that most good things are, so to speak, not unrelated to its accession to power.

It would be unfair to begrudge Labour a little summer celebration. It has made an impressive start - better than many expected - in government. To the surprise of some, it has maintained the support of business and the middle classes. Yet Mr Blair's first instinct - to play down the 100-day anniversary - was probably sound. The British dislike triumphalism (except in war or sport). If Labour succumbs to hubris while its star is high, it may regret appearing omnipotent in bleaker times - in the face of rising unemployment and recession, for example.

It may also rue the decision to stage an annual audit of its achievements. Its media experts envisage an endless vista of victories which the leader can kick off from the inventory of his promises. But government is rarely like that under any party.

Big issues

Labour has high ambitions, and it must be applauded for taking them seriously. Its determination to tackle difficult issues - and the speed with which it moved on big issues such as the role of the Bank of England - has made for a refreshing change in the coun-

try's mood. Even the multitude of policy reviews shows, on the whole, an earnestness of purpose - provided it does not become a diversion from real action where that is needed.

Yet despite this vigorous start, all of the hard part for Labour lies ahead. Mr Blair knows, for example, that one of the central planks of his domestic policy, the scheme to bring unemployed people out of welfare into work, may fail. To work, it must produce a permanent cut in long-term unemployment and so release cash from the welfare budget to improve education and health.

Spending restraints

The fact that these are stiff challenges does not mean the task should not be attempted. Mr Blair is right to build on ideas the Conservatives had tried. However, if the programme cannot deliver, Labour's ambitions for education and the health service could be seriously embarrassed. The public spending straitjacket which Labour has donned will prove increasingly uncomfortable.

Similarly in Europe, where Mr Blair has done well to improve relations, Britain has yet to see tangible benefits from its friendlier approach. Then again, Labour's huge programme for constitutional reform, welcome as it is in broad outline, will throw up many contentious issues. The changed relationship between a reformed House of Lords and the Commons is just one potentially problematic area: local government is another.

Labour would be wise, therefore, not to lay elaborate plans for future triumphs. The Treasury already reports soberly on the state of the economy and government spending programmes. It is by such yardsticks - rather than an annual public relations stunt - that the government will be judged.

Anything else will be like choosing exam questions after the answers have been written - or taking credit for the weather.

A shift in expectations

Exchange rates are notoriously volatile and the best that economists can do to rationalise their short term movements is to declare that they follow a random-walk path. Since this is no more than an egg-head way of saying that currencies are unpredictable, the message appears gloomy for those whose fortunes hang on market movements. Yet people do make money out of foreign exchange dealing and central banks can talk currencies up and down. This week has seen two or three textbook examples of the right and wrong way to go about the subtle art of moving markets.

The most successful wordplay came on Thursday from the monetary policy committee of the newly independent Bank of England. In raising base rates by a quarter point to seven per cent it announced that rates were at a level consistent with it meeting its inflation target two years hence. And it hinted that this would reduce upward pressure on sterling.

It is not, of course, the committee's remit to set interest rates with a view to influencing the exchange rate. Nor did the careful wording amount to a statement that base rates would not rise again. But the hint was enough to reverse sterling's hitherto inexorable rise against the D-Mark and the dollar, thereby delivering a *douceur* to an anxious chancellor and to troubled exporters.

Moving markets

In the financial futures markets assumptions about interest rates over the rest of the year were quickly revised downwards. The FTSE 100 index, having earlier broken through the 5,000 barrier, promptly hit a new record high. Investors rightly sensed that the gains on the currency swings would outweigh the loss on the interest rate roundabout.

This was neat footwork by the Bank of England. Compare and contrast with Malaysia's Dr Mahathir Mohamad, who launched on Thursday another diatribe against "international manipulators" such as Mr

George Soros, whom he accused of wishing to destroy the economies of south-east Asia. Dr Mahathir declared himself happy with the level of the ringgit but indicated no willingness to tighten policy in the face of poor trade and money supply figures. The ringgit fell.

Cause for concern

The paradox here is that one of the reasons for the tendency of currency markets to overshoot for prolonged periods is an absence of stabilising speculation. Most currency dealers are unwilling to carry losses on their books for the lengthy periods in which currencies are perceived to be out of line with their purchasing power.

Mr Soros is one of the few who are willing to do that. And if he has diagnosed that some Asian governments have been pursuing domestic policies that are not consistent with the current alignment of exchange rates, so much the better. With more Soroses, Asia might have confronted its current economic problems at an earlier and less dangerous stage.

In the final analysis it is policy rather than talk that dictates the long run level of exchange rates. And it remains to be seen whether the Bank of England's successful jawboning this week proves durable. One cause for concern on that score is that the real problem has been D-Mark weakness rather than sterling strength. Not only has the German economy been slow to recover, but the market's perception that the new European currency will be weak is also causing a flight into sterling as a safe haven from Emu. The new devaluationist instinct of the Bundesbank is reflected in comments of the kind made by a council member yesterday: that although the D-mark has fallen far enough, this is not the time to turn the interest rate screw. British interest rates, meantime, look exceptionally generous relative to continental Europe and Japan. So UK exporters' woes may not be over yet. Beware the random walk.

Three of the most powerful men in the computer business - usually deadly rivals - are suddenly circling around a small ailing computer company.

The company is Apple. The men are Steve Jobs, who founded Apple in a garage; Mr Bill Gates of Microsoft, who has spent much of his life as Apple's toughest competitor; and Mr Larry Ellison of Oracle, the largest database company, who has devoted plenty of time to attacking Mr Gates.

Why should they, and so many others, care about Apple, a company that - although a household name - has been losing money for the past 18 months and has been wracked by managerial infighting for a decade? The answers vary from person to person - and none quite allays the lingering doubts about Apple's long-term viability.

Mr Ellison, the software billionaire and a faithful Macintosh user, provides one answer. Apple, he says, "is a lifestyle brand". Users of its Macintosh personal computers set themselves apart from the herd. They want to be different. As Mr Jobs says, they "are not just out to get a job. They are out to change the world."

The almost tribal sense of loyalty to Apple may explain the cheers and groans that greeted Mr Jobs' announcement this week of a deal between Apple and Microsoft. The agreement was sealed by the Seattle company's \$150m equity investment in Apple. Mr Jobs announced the appointment of four new Apple directors, including Mr Ellison and himself.

"This is about Apple being able to make incredibly great contributions to the [computer] industry," Mr Jobs told the audience "to get healthy and prosperous again."

Mr Jobs' ability to infect anyone within earshot with enthusiasm for his latest project is renowned in Silicon Valley. He commands attention much like a cult leader, a great actor or politician.

He even seems to have influenced Wall Street's financiers, who provide a second answer to the question "Why Apple?". They like the restructuring plan enough to have pushed up Apple's shares 33 per cent on the day of the announcement and 11 per cent the next day.

In particular, they seem to like Apple's board, which now reads like a part of Silicon Valley's "Who's Who". In addition to Mr Jobs, its members include Mr Ellison and Mr Bill Campbell, a long-time Apple executive who is now president and chief executive of Intel, a software group. Also joining Apple's board is Mr Jerry York, who as chief financial officer at International Business Machines and Chrysler

Apple's beauty contest

Louise Kehoe explains why three of the computer industry's biggest names have come to the aid of the ailing company



helped turn those companies around.

Apple's employees have a third answer to the "Why Apple?" question. For them, the new deal raises hopes of ending the constant upheaval and changes in corporate strategy of the past year.

Mr Jobs is shifting blame for Apple's problems to former managers, rather than berating the staff in memos as Mr Gil Amelio, the recently departed Apple chairman and chief executive, is said to have done.

Perhaps the most significant answer to the question comes from Mr Gates. It was Apple's alliance with his company, Microsoft - engineered personally by Mr Jobs over the past few weeks - that was the great surprise of Apple's restructuring plan. And it was this that guaranteed worldwide attention.

A couple of years ago, Mr Jobs was an outspoken critic of Microsoft. The internet, he said then, was the most exciting thing happening in the computer industry. "It is exciting because Microsoft doesn't own it." In 1993, he argued that Microsoft was a monopoly and called for the company to be broken up.

Jobs the visionary has turned into Jobs the pragmatist. He was struck, he claimed, by a "bolt of lightning... Apple plus Microsoft equals 100 per cent of the desktop computer market. And so, whatever Apple and Microsoft agree to do, it's a standard."

The US Justice Department,

which has been keeping an eye on Microsoft for the past few years, will no doubt take note of that remark. Microsoft, though, said it did not expect any anti-trust problems as a result of its planned investment in Apple.

Indeed, by helping out Apple, Microsoft can claim to be helping the prospects of the only real competitor to Windows, its PC operating system. Some analysts called the deal "anti-trust insurance" because Microsoft could now continue to point to Apple and say it is a viable competitor.

More than this, the new Apple-Microsoft alliance represents a big realignment of the computer industry. That business is divided between enemies and allies of Microsoft. Previously, Apple had been in the "anti-Microsoft" camp, which also included Netscape Communications, the leading internet software company, Sun Microsystems, the top supplier of computers for networks, and Oracle, the leading supporter of cheap, simple internet terminals called "network computers".

Winning Apple away from this group appears to have been one of Microsoft's motives in forging the new alliance. As part of the deal, Microsoft's internet browser will become the "default" program for internet access on Macintosh computers, displacing Netscape's rival product.

Whether this realignment of

the computer business is peaceful, seems doubtful. Microsoft will no doubt wield influence over Apple. That raises the prospect of a conflict with Mr Ellison, an outspoken critic of the Seattle-based company.

It is not even clear that Mr Ellison was aware of Microsoft's alliance with Apple when he agreed to serve on the board. He was racing his yacht in Spain when Mr Jobs announced the Microsoft peace treaty.

Over the years, the Macintosh faithful have always gathered behind the company in response to the threat from powerful competitors. In the 1980s, Apple was fighting off IBM and in recent years Microsoft has become the "evil empire".

"The era of setting this up as a competition between Apple and Microsoft is over, as far as I'm concerned," Mr Jobs said this week. Nevertheless, Mr Gates was greeted with boos and hisses when he made a videotaped appearance at the event.

Those boos could die down. The fact remains that some of the biggest names in the computer business have stepped in to help Apple. They have organised, as Mr Daniel Kunster of J P Morgan put it, "a benevolent conspiracy among the industry's elite to come to Apple's rescue".

But have they actually rescued the company? For all this week's excitement, Apple still faces serious problems. Its most pressing one remains: recruiting a new chief executive. Mr Jobs has said

he does not want the job. But it may be impossible to find the "charismatic leader" Apple says it wants, who is willing to work in Mr Jobs' shadow.

Having raised expectations of a comeback, Apple must also establish a clear strategy quickly. Mr Jobs talked of focusing on the education and "content creation" segments of the PC market. But Mr Ellison is expected to try to steer the company toward "network computers" or low-cost internet terminals for the home, which he is promoting as an alternative to PCs running Microsoft programs.

The Apple-Microsoft alliance helped resolve a dispute between the two companies over Microsoft's alleged infringement of Apple patents. As part of the deal, Microsoft will pay an undisclosed sum to Apple to settle the matter over the next few years. To avoid future conflicts, the two companies have cross-licensed all of their patents.

The most important part of the agreement, though, was Microsoft's commitment to create software applications for the Macintosh for the next five years. Unfortunately for Apple, Microsoft did not guarantee to support the next generation of Apple software, called Rhapsody, on which the company is pinning its future hopes. And without such a commitment, Apple may still be doomed - whatever the hopes of its faithful supporters, and this week's pious words from Messrs Jobs, Gates and Ellison.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please see fax to: Time) or e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages. Published letters are also available on the FT web site, <http://www.ft.com>.

Other interest to reveal

From Mr Stephen L. Tanner.

Sir, In "Hampel's rotten boroughs" (August 6) your long-serving and distinguished correspondent, John Plender, discusses the report of the Hampel Committee. His article could very well have been written by the chairman of the pressure group, Pensions and Investment Research Consultants (Pirc), which, if I am not much mistaken, is a post he has filled for some years. Would it not be better for him to own up to his outside interest when he embarks on a discussion of corporate governance and best practice?

Stephen L. Tanner,
10 Dawson Place,
London W2 4TJ, UK

Hampel does nothing for role of private shareholder

From Mr Derek H. Broome.

Sir, One can support much of what has been said about the development of corporate governance since Cadbury, and would avoid binding many excellent companies with straitjackets of "box-ticking" conformity. What has been missed is the wider question of responsibility to whom? All shareholders are ultimately the property of individuals, whether held directly or through their insurers or pension funds.

Direct shareholders already have virtually no rights of representation (for example, it is difficult to aggregate proxies, who have in any case no right to speak at general meeting).

Advent of euro will drive up dollar

From Mr R. W. Leon.

Sir, Senior politicians of Europe have laid their reputations on the line over a successful Emu, and so we can expect this currency to enter the monetary system in little more than a year. The consequences of this for the US dollar seem not to be realised.

Reserve currencies of those joining Emu must be switched to non euro currencies, which in practice means the US dollar. Central banks of other leading trading areas will not trust too quickly a new currency, which will have every appearance of being soft, so they too will switch out of D-Marks, francs etc and increase their US dollar holdings. The flight to the US dollar, driving it much higher than the market would normally place it,

will distort world trade. Mighty as the dollar may be in relation to other currencies, it cannot become practically the sole reserve currency for all trading nations. The Euro will need many years to justify market confidence as a reserve currency.

A partial remedy might be gold, which Germany and other Europeans already hold as a large part of their reserves. These holdings, instead of being sold to help convergence criteria, should be greatly increased, while the low gold price allows it. With the transition of the hard European currencies into a much softer Euro, this yellow metal may become the most acceptable substitute for dollars and, being priced in dollars, will rise as the dollar rate rises. Moreover, the

mere policy reverse from selling to accumulation, will raise the value of such reserves for the Euro by a substantial margin.

The stability pact is a piece of paper expressing intentions, and much more than this will be needed to give confidence to the euro. The fact that Europe's politicians have brought about record unemployment, and are pricing Europe out of world markets by their labour policies, gives little hope for a strong euro. In fact, we may need a weak euro to keep Europe's factories competitive with the rest of the world.

R. W. Leon,
"La Grand Marais",
Park Close, Glen Vase,
Douglas,
Isle of Man IM4 4HB

Fuel tax to clear roads

From Mr Andrew J. Beth.

Sir, Joe Rogaly ("Make 'em pay for their freeway" August 4/5) is surely right in arguing that motorists should be confronted with "a price tag for each journey". But many I quibble with a potential problem in his otherwise impeccable logic? Any attack on traffic through specific targeting (of, say, highways only, or through tolls on privately financed relief roads) will only return traffic to the neighbourhood roads, country lanes, etc which were plagued by it before the highways were created.

Furthermore, a simple, universal mechanism already exists that is journey- and therefore pollution-calibrated and needs no additional unsightly infrastructure - the petrol tax.

Andrew J. Beth,
Manor Farmhouse,
Chapel Street, Bloxham,
Oxfordshire OX15 4NB, UK

Other passion

From Dr P. H. Borchers.

Sir, In your report "Shake-up at Apple Computer" (August 7) about Apple Computers and Microsoft you say of Apple: "It's the only one people feel passionately about." That is not true: there are those who "feel passionately" about our British-made Acorn computers. Regrettably they have not yet made any significant impact on the US market.

P. H. Borchers,
71 Swarthmore Rd,
Birmingham B25 4QB, UK

مركز الأعمال

COMMODITIES AND AGRICULTURE

Iraqi deal depresses oil prices

MARKETS REPORT

By Robert Corzine and Susanna Voyte

Oil prices fell further yesterday as Iraq passed the last hurdle to the resumption of exports under the delayed oil-for-food programme. The new pricing formula for Iraqi exports came into effect yesterday after no objections were raised by members of the sanctions committee of the United Nations Security Council.

The formal go-ahead for Iraq to sell up to 1.5m of oil by September 5 caused Brent Blend for September delivery to tumble 43 cents in late London trading to \$18.47 a barrel.

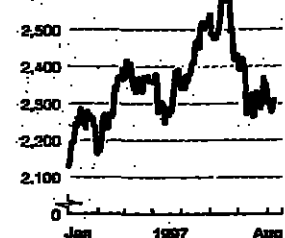
The only bright note in the markets was a report from the International Energy Agency which "significantly reduced" its supply estimates of non-Opec oil for the second and third quarters. The IEA also detected a rise in oil demand in the second quarter, when global demand rose by 3.9 per cent to 72.6m barrels a day.

Precious metals continued to push up - with gold, which has been the exception to the rally, also rising. Platinum and palladium have been stronger on fears of supply hitches from Russia. Platinum closed yesterday at \$443.50 a troy ounce, an increase of \$6.00; palladium rose \$13.75 to close at \$234.25 a troy ounce.

Gold closed around the day's highs at \$324.85 a troy ounce, against \$321.50. Prices in London rose after a rally started in New York, fuelled

Copper

LME 3-month metal (\$ per tonne)



Source: Datastream/ICI

LME warehouse stocks

Tonnes	Change
Aluminium	221,975
Aluminium alloy	55,940
Copper	249,700
Lead	119,600
Nickel	55,284
Zinc	388,225
Tin	11,400

* Thursday's close

by the fact that the US dollar, Treasury bonds and stocks were all sharply lower. Silver finished 2 cents firmer at \$4.41 a troy ounce.

On the London Metal Exchange copper prices slipped. The price of the metal for three-month delivery recovered slightly to close above the day's lows, but still below the \$2,300 a tonne level. The metal was not helped by a stocks increase of 2,925 tonnes.

Base metals business in general was patchy, with most prices downbeat. Zinc was the exception, with a burst of buying of "cash" metal stretching the back-wardation - when the price for immediate delivery rises above the forward price. The spread between the "spot" and the forward price widened sharply, ending at \$155, against \$100 on Thursday.

WEEKLY PRICE CHANGES

Commodity	Unit	1997	1996
Gold per troy oz.	\$	324.85	321.50
Silver per troy oz.	\$	324.85	321.50
Aluminium 99.7% (cash)	\$/tonne	1774	1753.54
Copper Grade A (cash)	\$/tonne	2320.5	2320.5
Lead (cash)	\$/tonne	119.6	119.6
Nickel (cash)	\$/tonne	55.284	55.284
Zinc SHG (cash)	\$/tonne	388.225	388.225
Tin (cash)	\$/tonne	11.4	11.4
Cocoa Futures Sep	\$/tonne	1021	1021
Coffee Futures Sep	\$/tonne	1021	1021
Sugar (LDP) Sep	\$/tonne	22.92	22.92
Barley Futures Sep	\$/tonne	179.75	179.75
Wheat Futures Sep	\$/tonne	126.00	126.00
Wood Outlook A Index	Index	4150	4150
Oil (Brent) Index	Index	18.47	18.47

Per tonne unless otherwise stated. P: Premium, C: Cent, B: Basis.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Associated Metal Trading)

ALUMINIUM 99.7% FINE (per tonne)

Grade	3 miles
Close	1774.75
Previous	1775.5-6.5
High/Low	1775/1735
AM Official	1775/1735
Kerb close	1745-46.5
Open int.	291,248
Total day turnover	99,493

ALUMINIUM ALLOY (per tonne)

Grade	3 miles
Close	1519-23
Previous	1520-30
High/Low	1520-30
AM Official	1447/1438
Kerb close	1507-12
Open int.	6,537
Total day turnover	912

LEAD (per tonne)

Grade	3 miles
Close	119.6
Previous	119.6
High/Low	119.6
AM Official	119.6
Kerb close	119.6
Open int.	12,937
Total day turnover	12,937

NICKEL (per tonne)

Grade	3 miles
Close	55.284
Previous	55.284
High/Low	55.284
AM Official	55.284
Kerb close	55.284
Open int.	55.284
Total day turnover	55.284

ZINC (per tonne)

Grade	3 miles
Close	388.225
Previous	388.225
High/Low	388.225
AM Official	388.225
Kerb close	388.225
Open int.	388.225
Total day turnover	388.225

TIN (per tonne)

Grade	3 miles
Close	11.4
Previous	11.4
High/Low	11.4
AM Official	11.4
Kerb close	11.4
Open int.	11.4
Total day turnover	11.4

COPPER, special high grade (per tonne)

Grade	3 miles
Close	1690-70
Previous	1690-70
High/Low	1690-70
AM Official	1690-70
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High/Low	388.225
AM Official	388.225
Kerb close	388.225
Open int.	388.2

CURRENCIES AND MONEY

Sterling falls

By Richard Adams

The Bank of England's verbal intervention to "talk down" sterling last week continued to be successful yesterday, as the pound continued to fall against the dollar, the D-Mark and the yen.

The pound shed another five pence against the D-Mark yesterday, as it fell from its London close of DM2.9711 on Thursday to DM2.9248 yesterday, down 11.5 pence on the week.

Sterling also plunged against the yen, falling Y5 to Y182.9 in London, helped downwards by news of another large Japanese trade surplus.

Nervousness about the drift of sterling also wounded the dollar. "The dollar is getting caught up in the whole sterling and D-Mark move, so there's no clear direction right now," said one analyst. "That's

what's dominating trade." The US currency lost two pence against the D-Mark, closing at DM1.8331.

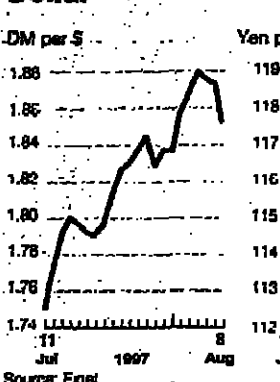
Analysts at Citicast said the DM1.8490 level should provide support for the dollar, "but standing in front of a runaway train is not often the best way to start the weekend."

The third consecutive rise in Japan's current account surplus also weighed on the dollar.

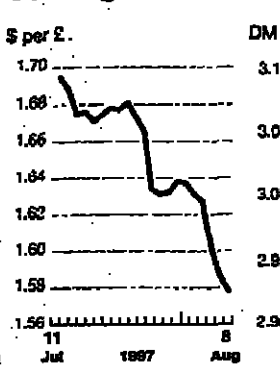
Japan's finance ministry said the current account surplus for June rose 55.8 per cent from a year earlier, to Y1,020bn.

Investors got nervous later in the day over worries about Japan's surplus, with the dollar shedding Y2.3 to end at Y182.9.

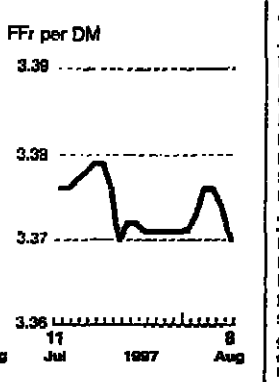
Dollar



Sterling



D-Mark



Bank of England's statement

The Bank of England's statement - "Upward pressures on the exchange rate should be reduced by the perception that interest rates have reached a level consistent with the inflation target" - has been admired for offering the Bank an escape route ("perception") should it need to raise rates very soon.

But Mr Richard Jeffrey, group economist at Charterhouse bank, said the Bank could have resisted itself into a corner with its remarks, and that it should avoid get-

ing involved in the debate

over an appropriate level for sterling. "There is a great danger that when policy-makers get involved in the currency markets, they come off worst," Mr Jeffrey said. "They simply have to assume that if they are doing the right thing in terms of domestic economic policy, then eventually the level of the exchange rate will be appropriate."

My view is that the currency has to be allowed to

find its own level and policy

has to be set to equate demand growth with potential supply. The Belgian franc has looked in some trouble in recent days, losing ground against the D-Mark.

The two currencies usually move hand-in-hand, but since the start of this year and late last week the Belgian currency has drifted slightly below its German counterpart. Yesterday, the D-Mark was at BF2.066, five

centimes higher than the

start of the year. European currency analysts said if the franc's weakness continued, Belgium might surprise the markets with an interest rate rise. But others wondered if Belgium exporters actually wanted to see a softer franc.

The only action from the Belgian National Bank so far has been to drain off liquidity repeatedly through its daily repurchase agree-

POUND SPOT FORWARD AGAINST THE POUND

	Aug 8	Closing	Change	24hr	10 days	1 month	3 months	6 months	1 year	Bank of
		mid-point	on day	spread	high	low	Rate	%PA	Rate	%PA
Europe	(S)	20.4145	-0.0002	724	-907	20.9962	20.4880	20.5272	3.2	10.615
Australia	(A)	20.4212	-0.0002	743	-907	20.9962	20.4880	20.5272	3.2	10.615
Canada	(C)	11.1882	-0.0002	348	-435	11.2700	11.1171	11.1077	3.4	11.0437
France	(F)	6.7402	-0.0002	358	-464	6.8300	6.7120	6.7128	3.5	10.6233
Germany	(D)	2.9281	-0.0002	337	-411	2.9951	2.9111	2.9156	3.8	10.6233
Italy	(L)	1.8584	-0.0002	337	-411	1.9094	1.8584	1.8584	3.8	10.6233
Japan	(Y)	182.9	-0.0002	337	-411	182.9	182.9	182.9	3.8	10.6233
Netherlands	(G)	2.066	-0.0002	337	-411	2.1094	2.066	2.066	3.8	10.6233
Spain	(P)	160.7	-0.0002	337	-411	160.7	160.7	160.7	3.8	10.6233
Sweden	(S)	10.615	-0.0002	337	-411	10.615	10.615	10.615	3.8	10.6233
Switzerland	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
UK	(£)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
SDR	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

	Aug 8	Closing	Change	24hr	10 days	1 month	3 months	6 months	1 year	J.P. Morgan
		mid-point	on day	spread	high	low	Rate	%PA	Rate	%PA
Europe	(S)	1.0305	-0.0002	370	-420	1.0305	1.0305	1.0305	2.2	12.9655
Australia	(A)	1.0305	-0.0002	370	-420	1.0305	1.0305	1.0305	2.2	12.9655
Canada	(C)	0.7075	-0.0002	353	-385	0.7075	0.7075	0.7075	2.0	12.9655
France	(F)	0.5374	-0.0002	348	-399	0.5374	0.5374	0.5374	2.0	12.9655
Germany	(D)	0.6245	-0.0002	348	-399	0.6245	0.6245	0.6245	2.0	12.9655
Italy	(L)	0.3531	-0.0002	338	-384	0.3531	0.3531	0.3531	2.0	12.9655
Japan	(Y)	106.1	-0.0002	338	-384	106.1	106.1	106.1	2.0	12.9655
Netherlands	(G)	0.9215	-0.0002	338	-384	0.9215	0.9215	0.9215	2.0	12.9655
Spain	(P)	0.1607	-0.0002	338	-384	0.1607	0.1607	0.1607	2.0	12.9655
Sweden	(S)	0.1061	-0.0002	338	-384	0.1061	0.1061	0.1061	2.0	12.9655
Switzerland	(S)	0.1437	-0.0002	338	-384	0.1437	0.1437	0.1437	2.0	12.9655
UK	(£)	0.1437	-0.0002	338	-384	0.1437	0.1437	0.1437	2.0	12.9655
SDR	(S)	0.1437	-0.0002	338	-384	0.1437	0.1437	0.1437	2.0	12.9655

CROSS RATES AND DERIVATIVES

	Aug 8	Close	Change	24hr	10 days	1 month	3 months	6 months	1 year	Bank of
		mid-point	on day	spread	high	low	Rate	%PA	Rate	%PA
Belgium	(B)	100	18.44	15.32	4.341	1.819	4.721	5.455	18.85	490.1
Denmark	(D)	54.24	10	8.830	2.625	0.887	2.561	2.958	10.77	255.8
France	(F)	61.29	11.30	10	2.967	1.115	2.894	3.343	12.17	300.4
Germany	(D)	20.4145	-0.0002	724	-907	20.9962	20.4880	20.5272	3.2	10.615
Italy	(L)	1.8584	-0.0002	337	-411	1.9094	1.8584	1.8584	3.8	10.6233
Netherlands	(G)	2.066	-0.0002	337	-411	2.1094	2.066	2.066	3.8	10.6233
Spain	(P)	160.7	-0.0002	337	-411	160.7	160.7	160.7	3.8	10.6233
Sweden	(S)	10.615	-0.0002	337	-411	10.615	10.615	10.615	3.8	10.6233
Switzerland	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
UK	(£)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
SDR	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233

EUROPEAN CURRENCY UNIT RATES

	Aug 8	Close	Change	24hr	10 days	1 month	3 months	6 months	1 year	J.P. Morgan
		mid-point	on day	spread	high	low	Rate	%PA	Rate	%PA
Belgium	(B)	100	18.44	15.32	4.341	1.819	4.721	5.455	18.85	490.1
Denmark	(D)	54.24	10	8.830	2.625	0.887	2.561	2.958	10.77	255.8
France	(F)	61.29	11.30	10	2.967	1.115	2.894	3.343	12.17	300.4
Germany	(D)	20.4145	-0.0002	724	-907	20.9962	20.4880	20.5272	3.2	10.615
Italy	(L)	1.8584	-0.0002	337	-411	1.9094	1.8584	1.8584	3.8	10.6233
Netherlands	(G)	2.066	-0.0002	337	-411	2.1094	2.066	2.066	3.8	10.6233
Spain	(P)	160.7	-0.0002	337	-411	160.7	160.7	160.7	3.8	10.6233
Sweden	(S)	10.615	-0.0002	337	-411	10.615	10.615	10.615	3.8	10.6233
Switzerland	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
UK	(£)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
SDR	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233

BASE LENDING RATES

	Aug 8	Close	Change	24hr	10 days	1 month	3 months	6 months	1 year	J.P. Morgan
		mid-point	on day	spread	high	low	Rate	%PA	Rate	%PA
Belgium	(B)	100	18.44	15.32	4.341	1.819	4.721	5.455	18.85	490.1
Denmark	(D)	54.24	10	8.830	2.625	0.887	2.561	2.958	10.77	255.8
France	(F)	61.29	11.30	10	2.967	1.115	2.894	3.343	12.17	300.4
Germany	(D)	20.4145	-0.0002	724	-907	20.9962	20.4880	20.5272	3.2	10.615
Italy	(L)	1.8584	-0.0002	337	-411	1.9094	1.8584	1.8584	3.8	10.6233
Netherlands	(G)	2.066	-0.0002	337	-411	2.1094	2.066	2.066	3.8	10.6233
Spain	(P)	160.7	-0.0002	337	-411	160.7	160.7	160.7	3.8	10.6233
Sweden	(S)	10.615	-0.0002	337	-411	10.615	10.615	10.615	3.8	10.6233
Switzerland	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
UK	(£)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
SDR	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233

UK INTEREST RATES

	Aug 8	Close	Change	24hr	10 days	1 month	3 months	6 months	1 year	J.P. Morgan
		mid-point	on day	spread	high	low	Rate	%PA	Rate	%PA
Belgium	(B)	100	18.44	15.32	4.341	1.819	4.721	5.455	18.85	490.1
Denmark	(D)	54.24	10	8.830	2.625	0.887	2.561	2.958	10.77	255.8
France	(F)	61.29	11.30	10	2.967	1.115	2.894	3.343	12.17	300.4
Germany	(D)	20.4145	-0.0002	724	-907	20.9962	20.4880	20.5272	3.2	10.615
Italy	(L)	1.8584	-0.0002	337	-411	1.9094	1.8584	1.8584	3.8	10.6233
Netherlands	(G)	2.066	-0.0002	337	-411	2.1094	2.066	2.066	3.8	10.6233
Spain	(P)	160.7	-0.0002	337	-411	160.7	160.7	160.7	3.8	10.6233
Sweden	(S)	10.615	-0.0002	337	-411	10.615	10.615	10.615	3.8	10.6233
Switzerland	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
UK	(£)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
SDR	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

	Aug 8	Close	Change	24hr	10 days	1 month	3 months	6 months	1 year	J.P. Morgan
		mid-point	on day	spread	high	low	Rate	%PA	Rate	%PA
Belgium	(B)	100	18.44	15.32	4.341	1.819	4.721	5.455	18.85	490.1
Denmark	(D)	54.24	10	8.830	2.625	0.887	2.561	2.958	10.77	255.8
France	(F)	61.29	11.30	10	2.967	1.115	2.894	3.343	12.17	300.4
Germany	(D)	20.4145	-0.0002	724	-907	20.9962	20.4880	20.5272	3.2	10.615
Italy	(L)	1.8584	-0.0002	337	-411	1.9094	1.8584	1.8584	3.8	10.6233
Netherlands	(G)	2.066	-0.0002	337	-411	2.1094	2.066	2.066	3.8	10.6233
Spain	(P)	160.7	-0.0002	337	-411	160.7	160.7	160.7	3.8	10.6233
Sweden	(S)	10.615	-0.0002	337	-411	10.615	10.615	10.615	3.8	10.6233
Switzerland	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
UK	(£)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233
SDR	(S)	1.4373	-0.0002	337	-411	1.4373	1.4373	1.4373	3.8	10.6233

THREE MONTH EURO DOLLAR FUTURES (LIFE) \$100,000 points of 100%

PHILADELPHIA SE E/S OPTIONS \$31.250 (cents per pound)							
Strike	CALLS			PUTS			
	Aug	Sep	Oct	Aug	Sep	Oct	
550	1.44	2.42	2.98	0.69	1.83	2.54	
600	0.90	1.92	2.51	1.15	2.34	3.07	
650	0.53	1.50	2.12	1.78	2.67	3.64	
Previous day's vol. Calls 1,182 Puts 3,854 . Prev. day's open int. Calls 32,457 Puts 37,146							

UNIT TRUSTS

WINNERS AND LOSERS

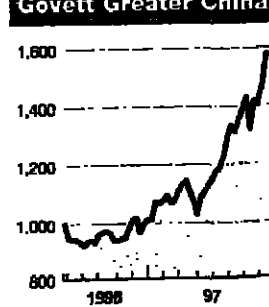
TOP FIVE OVER 1 YEAR:

HSBC Hong Kong Growth	1806
INVESTCO Hong Kong & China	1744
Govett Greater China	1578
Henry Cooke Eastern Enterprise	1524
Gartmore Hong Kong	1513

BOTTOM FIVE OVER 1 YEAR:

Old Mutual Thailand Acc	440
Save & Prosper Gold & Exptn	515
Mercury Gold & General	589
Schroder Japan Small Co's Acc	617
F&C Japanese Smaller Cos	618

Govett Greater China



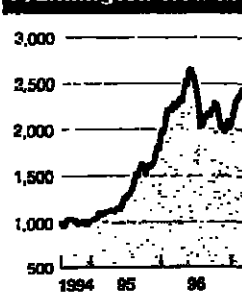
TOP FIVE OVER 3 YEARS:

Profligate Technology	2776
Hill Samuel US Smaller Co's	2766
PM North America Growth	2480
Framlington Health	2417
HSBC Hong Kong Growth	2314

BOTTOM FIVE OVER 3 YEARS:

Old Mutual Thailand Acc	422
Five Arrows Japan Smaller Cos	477
Govett Japan Strategy	510
Schroder Japan Small Co's Acc	512
Friends Prov Japanese Sm Cos	514

Framlington Health



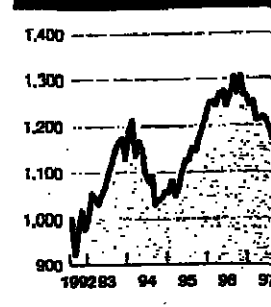
TOP FIVE OVER 5 YEARS:

HSBC Hong Kong Growth	4922
Profligate Technology	4752
Gartmore American Emer Gth	4406
PM North America Growth	4302
Hill Samuel US Smaller Co's	4120

BOTTOM FIVE OVER 5 YEARS:

Save & Prosper Korea	832
Govett Japan Strategy	1086
Govett FOF Cash	1140
Guinness Flight EMU	1171
GA Cash	1199

Guinness Flight EMU



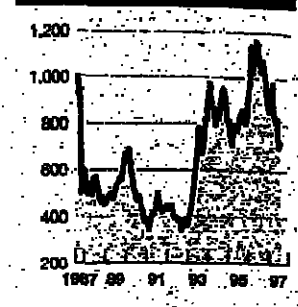
TOP FIVE OVER 10 YEARS:

HSBC Hong Kong Growth	6543
Hill Samuel US Smaller Co's	6447
F&C US Small Companies	6299
Gartmore Hong Kong	5825
Framlington Health	5336

BOTTOM FIVE OVER 10 YEARS:

Waverley Australasian Gold	320
Save & Prosper Gold & Exptn	355
Barclays Uni Japan Inc	593
Allied Dunbar 2nd Smaller Co	710
M&G Gold & General	723

M&G Gold and General



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311)

Indices

	1 year (%)	3	5	10	Volatility	Yield (%)
Average Unit Trust	1093	1309	2139	2239	3.1	2.5
Average Investment Trust	1156	1266	2291	2466	4.4	4.9
Bank	1034	1112	1203	1828	0.0	4.9
Building Society	1032	1111	1210	1834	0.0	4.7
Stockmarket: FTSE All-Share	1286	1632	2463	2921	2.4	3.3
Inflation	1029	1088	1131	1543	0.4	-

UK Growth

	1 year (%)	3	5	10	Volatility	Yield (%)
Johnson Fry Slater Growth	1240	1849	2569	-	3.4	0.9
Perpetual UK Growth	1189	1266	2291	2466	4.4	4.9
Perpetual UK Exempt	1195	1730	3095	-	2.4	2.3
Barclays Uni Special Sits	1219	1876	2613	1946	2.8	1.6
Britannia Balanced Growth Inc	1227	1853	2389	2315	2.8	1.4
SECTOR AVERAGE	1136	1429	2180	2038	2.7	1.8

UK Growth & Income

	1 year (%)	3	5	10	Volatility	Yield (%)
Fleming Select UK Income	1309	1891	2534	2352	2.5	3.6
Perpetual Income	1189	1266	2291	2466	4.4	4.9
HSBC Footsie Fund	1343	1823	-	-	2.7	2.4
Legal & General UK Stockmkt Acc	1339	1818	-	-	2.7	1.3
Fidelity Moneybuilder Growth	1180	1611	-	-	2.3	2.1
SECTOR AVERAGE	1178	1438	2126	2269	2.6	2.6

UK Smaller Companies

	1 year (%)	3	5	10	Volatility	Yield (%)
Gartmore UK Smaller Companies	1114	1721	2735	1825	3.5	0.5
Laurence Keen Smaller Cos	1073	1718	-	-	3.0	1.2
AES Smaller Companies	982	1608	2269	-	3.0	0.9
INVESTCO UK Smaller Companies	1001	1592	2641	1809	3.9	1.5
Britannia Smaller Co's Acc	1085	1579	2995	1906	3.1	0.5
SECTOR AVERAGE	967	1244	2034	1488	3.0	1.7

UK Equity Income

	1 year (%)	3	5	10	Volatility	Yield (%)
Jupiter Income	1416	1780	3328	-	2.6	4.0
Lazard UK Income	1174	1812	2486	2945	2.4	4.1
Britannia High Yield Inc	1172	1597	2619	2910	2.4	4.0
River & Mercantile 1st Income	1230	1563	2474	-	2.6	4.2
BWD UK Equity Income	1239	1563	2491	2336	2.6	3.8
SECTOR AVERAGE	1156	1383	2155	2240	2.5	4.3

UK Equity & Bond Income

	1 year (%)	3	5	10	Volatility	Yield (%)
Profligate Extra Income	1126	1431	2152	2151	2.2	4.2
Edinburgh High Distribution	1152	1402	2019	1745	2.5	3.9
CIS UK Income	1175	1394	2043	-	2.2	3.9
Abbey National Extra Income	1221	1392	2480	2566	2.1	5.8
Midland Monthly Income	1203	1379	-	-	2.0	4.3
SECTOR AVERAGE	1120	1290	1941	1907	2.1	5.3

UK Eq & Bd

	1 year (%)	3	5	10	Volatility	Yield (%)
BWD Balanced Portfolio	1237	1623	2809	-	2.9	1.8
Perpetual High Income	1190	1555	2652	-	2.0	3.1
Credit Suisse High Income Port	1126	1486	2405	-	2.0	3.2
Canlife Income Dis	1191	1475	2111	2134	1.7	2.6
Henry Cooke Balanced	1096	1425	-	-	1.7	2.6
SECTOR AVERAGE	1148	1400	2171	2178	2.2	3.0

UK Fixed Interest

	1 year (%)	3	5	10	Volatility	Yield (%)
M&G Corporate Bond	1152	1370	-	-	1.8	6.6
Thornion Preference Inc	1086	1341	1690	2272	1.8	8.1
Aberdeen Fixed Interest	1082	1334	2165	2437	1.4	8.4
Henderson Preference & Bond	1110	1322	1605	1911	1.3	8.0
Profligate Pref & Fixed Interest	1106	1292	1638	-	1.6	6.4
SECTOR AVERAGE	1089	1243	1536	1990	1.7	6.6

UK Gift

	1 year (%)	3	5	10	Volatility	Yield (%)
M&G Gift & Fixed Interest	1134	1319	1468	2048	1.8	6.2
Gartmore PS Fixed Interest	1109	1286	1471	-	1.7	6.8
Murray Acumen Reserve	1084	1269	1455	-	1.4	6.7
Schroder Gift & Fixed Int Acc	1059	1248	1412	-	1.8	7.3
Mercury Long-Dated Bond	1101	1246	-	-	2.1	5.4
SECTOR AVERAGE	1055	1195	1377	2021	1.5	5.8

International Equity Income

	1 year (%)	3	5	10	Volatility	Yield (%)
GT International Income Inc	1137	1434	2259	2706	2.4	2.0
Martin Currie Int'l Income	1169	1397	2212	-	2.5	3.2
Dolphin Int'l Income	1110	1362	2048	1373	2.6	1.3
Mayflower Global Income	1112	1337	2129	2083	2.3	3.2
M&G International Income	1143	1331	2192	2516	2.3	3.9
SECTOR AVERAGE	1131	1323	2100	2077	2.4	2.8

International Fixed Interest

	1 year (%)	3	5	10	Volatility	Yield (%)
Baring Global Bond	1012	1257	1639	-	1.5	6.2
Old Mutual Worldwide Bond Inc	981	1213	1486	-	1.7	4.6
HSBC Int'l European Bond Inc	1029	1186	-	-	1.0	5.7
Newton International Bond	1019	1185	1577	-	2.2	5.4
TSB International Income Inc	971	1156	1499	-	1.5	4.3
SECTOR AVERAGE	934	1081	1378	1708	1.8	5.0

International Equity & Bond

	1 year (%)	3	5	10	Volatility	Yield (%)
HSBC Hong Kong Growth	1172	1505	2149	-	2.0	2.3
Bank of Ireland Ex Mgd Growth	1232	1421	1964	2180	2.3	1.5
Capel-Cure Hallmark Growth	1167	1419	2093	2454	2.3	2.4
Baillie Gifford Managed	1206	1415	1928	-	2.2	3.1
Fleming General Opportunities	1196	1410	-	-	2.9	1.4
Newton Intrepid	1112	1295	1673	2214	2.1	2.4
SECTOR AVERAGE	1112	1295	1673	2214	2.1	2.4

International

	1 year (%)	3	5	10	Volatility	Yield (%)
Profligate Technology	1178	2776	4752	5077	6.7	-
Framlington Health	1051	2417	4006	5336	6.9	-
Save & Prosper Financial Secs	1309	1970	3406	3335	6.0	1.3
Henderson Global Technology	1106	1533	2438	4287	6.7	-
Scott Equitable Technology	1216	1835	3150	4386	4.6	0.7
SECTOR AVERAGE	1135	1322	2257	2275	3.3	0.8

Nth America

	1 year (%)	3	5	10	Volatility	Yield (%)
Hill Samuel US Smaller Co's	1168	2766	4120	6447	5.2	-
PM North America Growth	1365	2480	4302	4586	4.5	0.1
Fidelity American Spec Sits	1338	2279	3292	3887	5.2	-
Edinburgh North American	1291	2188	3715	3702	3.6	0.5
Gartmore American Emer Gth	1078	2156	4406	5230	6.1	-
SECTOR AVERAGE	1239	1807	2823	3144	4.1	0.5

Europe

	1 year (%)	3	5	10	Volatility	Yield (%)
Jupiter European	1151	1971	3402	4738	3.0	0.2
Baring Europe Select	1145	1849	3170	2835	3.5	0.8
Allied Dunbar European Growth	1239	1830	3129	2910	3.7	0.1
Friends Prov European Gth	1226	1803	2935	-	2.6	-
INVESTCO European Growth	1182	1773	3303	3089	3.6	-
SECTOR AVERAGE	1157	1465	2406	2691	3.0	0.7

Japan

	1 year (%)	3	5	10	Volatility	Yield (%)
Martin Currie Japan	962	964	2357	-	5.4	-
GT Japan Growth	952	955	1941	1482	3.5	-
Hill Samuel Japan Technology	933	947	2301	1924	5.8	-
Newton Japan	1002	928	2005	1278	4.9	-
Murray Japan Growth	935	919	-	-	4.6	-
SECTOR AVERAGE	821	730	1649	1185	5.2	0.2

Far East ex Japan

	1 year (%)	3	5	10	Volatility	Yield (%)
Govett Greater China	1578	1567	3694	3772	4.8	-
Thornion Oriental Income Inc	1139	1120	2001	2020	3.6	3.3
Schroder Far East Growth Inc	1107	1117	2813	-	4.4	-
Martin Currie Far East	1110	1101	2342	2282	4.6	0.2
Aberdeen Pacific	965	1082	2348	2843	3.9	0.1
SECTOR AVERAGE	991	980	2155	2015	4.2	0.5

Far East ex Japan, General

	1 year (%)	3	5	10	Volatility	Yield (%)
HSBC Hong Kong Growth	1806	2314	4922	6543	6.4	0.1
INVESTCO Hong Kong & China	1744	1859	3837	3918	6.4	0.2
GT Japan	1433	1667	3367	4581	6.5	0.5
Old Mutual Hong Kong	1513	1648	3390	5925	6.0	0.7
Gartmore Hong Kong	1524	1624	-	-	5.4	-
SECTOR AVERAGE	1051	1103	2458	3206	5.2	0.6

Far East ex Japan, Single Country

	1 year (%)	3	5	10	Volatility	Yield (%)
New Zealand	1047	1075	2817	5	4.4	1.9
Edinburgh Java	1032	796	1256	19	7.4	-
Korea-Europe Fund	654	637	1867	4	8.4	0.4
Abtrust New Dawn	538	630	1816	6	5.7	2.0
INVESTCO Korea	789	580	1310	9	6.2	-
SECTOR AVERAGE	762	657	1714	-	6.8	1.0

Emerging Markets

Foreign & Col Enterprise						
TR European Growth						
MICIT Cap						
North Atlantic Smaller Cos						

1

400	8
300	2
100	2

1.900	4
1.100	4
1.200	5

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PERSPECTIVES

The Nature of Things

Clouds on the horizon

Can sulphur produced in ocean micro-organisms cool global warming, asks Jon Turney

How could we turn global warming into global cooling? Trimming the solar wick is not an option. Slowing production of "greenhouse" gases like carbon dioxide might work but requires a political fix which looks unlikely. No, what we need is more clouds.

The physics could not be simpler. More clouds high in the atmosphere mean more solar rays bounced back into space, mean a cooler climate on the ground - a planetary sunshade. Problem solved. But it still does not sound like particularly helpful advice. Although we are getting used to the idea that humans have effects on the whole Earth, a call for more clouds will not necessarily be any easier to meet than a demand for higher mountains or deeper oceans. No one has a patent on a cloud machine.

No one? Maybe not quite true. For there is increasing evidence that minute plankton which live in the oceans discovered how to make clouds many millennia ago. Why and how are only just beginning to become clear, but the story of how they do it centres on a chemical whose name is not on everyone's lips when they talk about global warming: dimethyl sulphide or DMS. It is the sulphur in that name that matters.

The early plankton were not trying to make clouds, of course. They were trying to survive in the salty soup of the seas. To do that, they evolved to make large amounts of chemicals called betaines, after the beet plants in which they were first found. Betaines are unusual in having separated positive and negative electric charges in the same molecule. This helps cells keep out the high concentrations of charged ions in salt water, which can otherwise kill them.

Betaines contain nitrogen or



sulphur as the positive charge carrier. Marine micro-organisms often find nitrogen hard to come by, and choose sulphur. And when the tiny phytoplankton, no more than five-millionths of a metre across, are eaten by larger organisms, some of that sulphur is liberated as DMS.

Enter the pioneer in thinking

about how life affects the planet. Jim Lovelock. In the early 1970s, he was the first to show that DMS was present in the air all across the oceans. Ten years ago, he and three colleagues calculated that there was enough DMS coming off the open ocean to create a cooling effect about large enough to offset car-

bon-dioxide induced warming. When it reaches the air, DMS reacts to yield tiny droplets of sulphuric acid, which act as centres of condensation for water vapour. The result - clouds over oceans. So far, so good. But will the plankton oblige us by making

more DMS when we need it? There are many different micro-organisms in the oceans, linked in intricate webs of production and consumption, which we are only now piecing together. We need to know what regulates complex pathways of sulphur metabolism inside each organism, as well as what influ-

ences their overall growth. And we want details about the fate of the 90 per cent or so of the DMS in the water which never gets into the air. A significant piece of the puzzle was revealed recently when a group led by Douglas Gage of the biochemistry department at Michigan State University

reported in Nature that they have traced the chemical steps marine organisms use to make the sulphur-containing betaine, known as DMSP. The fact that they arrive at this compound by a path different from that already traced out for higher plants suggests that production of betaines evolved twice, independently. And it appears that the marine pathway involves intermediates which can themselves break down into DMS.

The plot thickens further with the simultaneous report from Gordon Wolfe's group at Oregon State University that DMSP may help ward off grazing plankton as well as saving the smaller phytoplankton from a salty death. It does this because its other breakdown product aside from DMS, acrylic acid, is repellent to the grazers.

The larger links between these myriad microbes taking their nutrients from the ocean and the clouds above a sea captain's head are more speculative.

Cloud cover might increase wind strength, for example, mixing surface waters and bringing more food for the plankton up from below. Or maybe as more ice freezes out at the poles the remaining ocean grows saltier, and the plankton need more DMSP to survive.

The gradual teasing out of all the paths of microbial sulphur capture and release does not mean that we can all drive our cars into the next millennium with a clear conscience. But it does underline Lovelock's fundamental point, that the influences of life on its own environment are subtle, and depend on interactions we never thought of looking for until just a few years ago. **Jon Turney teaches science communication in the Department of Science and Technology Studies, University College London.**

Minding Your Own Business

Keeping his eye on the ball

Fantasy League's founder thought he'd queered his pitch, finds Stephen McGookin

Andrew Weinstein has two reasons to be optimistic about the football season which starts today.

First, his company, Fantasy League, looks set to continue its healthy pace of growth into a seventh year. But more important - he might argue - he can justify allowing his head to rule his hand and select some Arsenal players for his own fantasy team.

"Not all football fans are fantasy fans, because they can't imagine picking players who don't play for the team they support," he says. Enough of them are, however, to have allowed Weinstein to take a simple idea and build it from nothing into a business that this year will turn over about £750,000. His "product" - for want of a better word - taps football fans' knowledge and enthusiasm for the game by allowing them (as "managers") to pick their own imaginary football team using real-life players. The team scores points based on the players' actual performance.

Strikers, for example, are awarded points for each goal they score in real life, while defenders are credited for each clean sheet. Midfielders win points for "assists" - an occasionally controversial statistic that Weinstein developed to make the game more competitive.

Players are, of course, also subject to real injuries - as anyone whose team includes Alan Shearer (of Newcastle United) will now be aware. Weinstein's Fantasy League company administers the "mini-leagues" - groups of up to 12 managers - and calculates the points totals after each real game. The 20,000 or so subscribers pay a membership fee upfront and a charge for each telephone "transfer" where one player is replaced by another.

Wainstein, 31, was working as a programmer for Mercury Asset Management in the City when he was inspired by successful American fantasy games based on sports like baseball and basketball, which rely extensively on statistical analysis of players' performances. He knew the concept would translate quite easily to cricket, but realised that the true mass market potential lay in football.

"I'd always wanted to start my own business and I was using skills I already had to set the system up," he says. When he started the company in the summer of 1991, it was a classic one-man band, operating out of a room in his parents' house. Today, he employs several full-time staff.

"I was cautious about only spending the money the business had got," he says,

emphasising that the important thing about the first season was to create a "buzz" about the game and get as many people playing - and telling their friends - as possible.

"We had come in at a great time," he says, acknowledging the surge in the popularity of football after England's performance in the 1990 World Cup and

'The interactive medium lends itself to this sort of game'

the start of live coverage on Sky TV.

But his breakthrough came when employees of advertising agency Ogilvy & Mather, who had been playing the game in their office, interested BBC Radio in the idea.

On the back of this exposure, the game took off in its second season, with the number of subscribers "roughly quadrupling".

That momentum led to approaches from BBC Television - which based a hugely popular series with David Baddiel and Frank Skinner called *Fantasy Football*

around celebrities who played the game, as well as from the Daily Telegraph.

"I was still looking at it as a private game," says Weinstein, "and I gave the newspaper the licence for next-to-nothing." Thinking the exposure would be a good advert for his own game, he admits to being surprised by the scale of its popularity in the Telegraph, which ran both football and cricket fantasy games.

"I was gutted. I felt like it had been nicked," says Weinstein. "I thought, 'How can we charge people to play the game if the paper is giving it away for free?'"

But he realised that the game was established enough by then to allow him to sell something other than just the concept - which, after all, is difficult to copy-right. "We're selling the know-how," he says. "If you just tried to sell the idea, you'd come unstuck."

When Fantasy League licenses the game to a newspaper, it sells a "franchisee's starter kit": the rules, the software and the name. Weinstein insists that, with a product such as this, it's important not to price yourself out of the market. "I think we've managed to grow the way we have because we haven't tried to sell it for silly money."

A huge surge of interest in

1994 - the only time that Weinstein thought he might be losing control of the idea - coincided with Fantasy League's expansion into international markets.

The first overseas deal was with a Spanish sports newspaper Marca - "which now has millions of players" and publications in Belgium and Portugal have signed up. Weinstein says that outside the UK the game is doing "reassuringly well, but not to its absolute potential".

Last year, the company licensed the game in Argentina and is working on a plan to move into Brazil. But Weinstein's main aim remains to break into the core European football markets of Germany, Italy and France.

Tied up with that has been the migration of the game on to the internet this summer. The Fantasy League web site (www.fantasyleague.co.uk) provides up-to-date statistics, player information and league standings for a £25 annual subscription.

"The interactive medium lends itself to this sort of game," says Weinstein, "and as technology changes we will adapt the game to it."

He also points to the "fit" between his customers and internet users, particularly since a lot of leagues are based in offices, where there is growing use of the net.



Andrew Weinstein: subscribers pay a charge for each telephone 'transfer' of players

The experience of web-based fantasy football games - Marca's site www.recoletos.es/marca has proved so popular it is often difficult to access - is encouraging, but the main business lesson Weinstein has learned in the last six seasons holds true, he says, regardless of the medium.

"Always put yourself in the customer's place. Luckily, I'm not far off the demographics of our average customer and I always ask: 'Would I like this?'"

He adds: "It's important to have a style that suits your personality - I'm not a good delegator because I like to be involved and

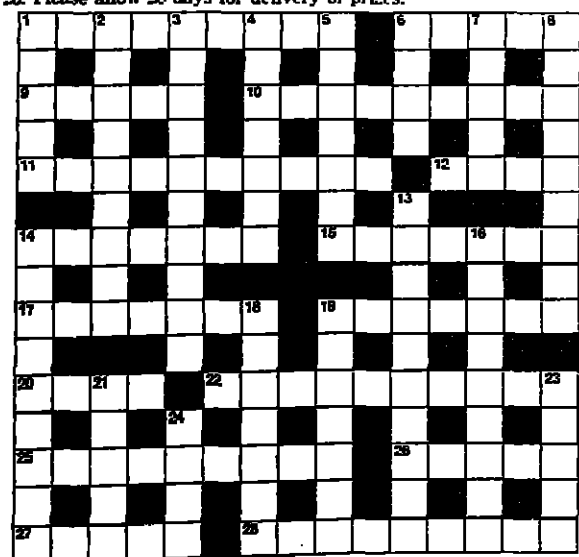
stimulated. Sometimes that takes interesting things away from the people who work for me."

"I'm not a workaholic but I spend 24 hours a day in my head on the business. I'm taking the game where I want it to go." **Fantasy League: 0171-333 0088.**

CROSSWORD

No. 9449 Set by CINEPHILE

A prize of a classic Pelikan Souverain 80 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday August 20, marked Crossword 9449 on the envelope, to the Financial Times, Number One South Bank Bridge, London SE1. Solution on Saturday August 23. Please allow 28 days for delivery of prizes.



Name _____
Address _____

WINNERS 9437: Mrs J. Sweeney, Southport, Merseyside; J.C. Elphick, Woodhall Spa, Lincolnshire; T.J. & G.M. Heal, Pontynewydd, Dyfed; Anne Thompson, Wighton, York; G. Thompson, Gulseley, Leeds.



ACROSS

- 1 Examination of canopy finds bread and milk in it (4,5)
- 6 A mischievous person won't be thorough (5)
- 9 Moulding for pediment or used at base of column (5)
- 10 Grasping a type of music with a hundred notes (9)
- 11 Psychologist inspires fear in underground worker (4,6)
- 12 See 6 down
- 14 Crossing a bird with a pen-cip (7)
- 15 Singular place to find meat, as bears do (7)
- 17 Apprehensive over Sun's exposure (7)
- 19 Job arranged with ex-UK player (7)
- 20 24 Where things aren't clear - god and topless goddess are included (4,4)
- 22 Fellow in Bible story qualifying for forgiveness (10)
- 25 Bow to the priest: Never budge, in the case of the Church of England (9)
- 26 27 Brandy with the bill at the end, thanks to agreement between king and barons (5,5)
- 28 Having taken time off, I got entangled with lady and weeded out (9)

Solution 9448

ABUJID EEL
GOODTIME WANGLE
OAHIER RIN
UNCLEARED SHUNT
THIRTY FIVE
IMBIE TRAPDOOR
NELA AAS
GADGET SPIRITAGE

DOWN

- 1 Add 'em up on a pole (5)
- 2 Alien student entering, from Boston (9)
- 3 Baker quietly to inquire about attempt to sound like a dove (6,4)
- 4 Have relation that's cheeky to one at home (7)
- 5 Don't think about the subject - the newspapers (7)
- 6 12 First people for fun and games (4,4)
- 7 Sort of therapy applied to capital in Italy (5)
- 8 In peace US deal is transformed to dance (3,2,4)
- 13 Poet about the partner of the Queen Mother's crazy (7,3)
- 14 Praise for film without breaking any regulation (9)
- 16 Sweetheart full of germs? Pusher needed (4,5)
- 18 True-blue constituents of Hunts, (part of Cambs.) (7)
- 19 Prophet entertaining doctor on left bank (7)
- 21 Young fish: some travel very great distances (5)
- 23 Antelope from oriental country (5)
- 24 See 20

Solution 9437

HASTINGS HAROLD
STAMFORD BRIDGE
SUGUABE RUS
ARGENTINA EVANS
REYNOLDS FERRI
NICE GOOD LATTERON
LSE EY G
CLASSIC BIRD
ETRO OAG CL
CHAMP CANYONESE
RIN K FIA
ELIJAH MAPLETON
ASGN NNAI
METHIS WATERLOO

BRIDGE

"Comment on this hand," said my inquisitor, brandishing a tatty record of his exploits. I am wary of such invitations, because bridge players seeking second opinions - or, more likely, fourth or fifth opinions - seek only congratulation or, at the very least, sympathy.

N
♠ K 8 6 3
♥ A K Q 8 3
♦ A 7
♣ J 6

W
♠ 9 7
♥ 7 5 2
♦ 10 8 5 5
♣ A 8 7

E
♠ A Q J
♥ J 10 8
♦ J 3 2
♣ 10 9 4 2

S
♠ 10 5 4 2
♥ 4
♦ K Q 6 4
♣ K Q 5 3

North East South West
1H NB 1S NB
4S

In fact, the deal is full of interest. South responded in true Acol style, showing his poor four card major at the 1-level. North rightly raised to game. However, following West's 104 lead, South has four losers - A♠ and three trumps. But declarer recognised that establishing the North hand - dummy - offered a slim chance of a success. His plan was to

steal through one round of clubs, and pitch dummy's other club on his long diamonds.

First, he must decide who holds A♠. Acting on the wafer-thin inference that West may have had a diamond because he held A♠, declarer won the lead in hand with K♠, and led 5♠ at trick 2. West ducked, and dummy's J♠ held the trick. Declarer now followed his plan: he cashed three rounds of diamonds, pitching dummy's other club on the final round; he played a heart to A♥ and ruffed a heart in hand, and then played a small trump from each hand. East won, and was helpless - declarer had complete control of the hand.

Should West have risen with his A♠ at trick 2? I think he should. What can South's clubs be? If they are small cards, then rising with A♠ cannot cost. If declarer holds 4KQ, then he is up to no good, and may well be trying to sneak through a trick. Above all, West should wonder why declarer does not simply draw trumps and establish dummy's hearts? Declarer's behaviour is decidedly suspicious and West should pounce.

Paul Mendelson

CHESS

The Smith & Williamson British Championship at Hove reaches its half-way mark today with a lively battle expected next week as the UK's best grandmasters compete for the £10,000 first prize.

S & W's sponsorship has transformed the event, making it possible for fans to watch world top 20 players Michael Adams and Matthew Sadler. Channel 4 Teletext page 153 is covering the most important game each day live.

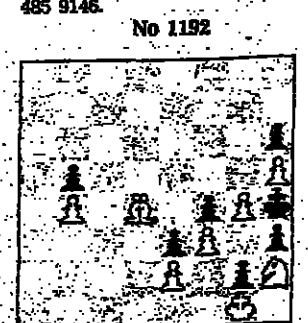
The London accountancy firm already supports a valuable annual junior international tournament at Guildford, which gives rising UK talent a chance to qualify for the master title.

Last month's S & W Young Masters, the seventh in the series, was a repeat victory for Matthew Turner, a Cambridge economics student, who won in 1994 and 1996. The 16-year-old Essex school boy Karl Mah also has a bright future, and on the evidence of this week's polished win will soon achieve the master title. (Karl Mah v S Ansell).

1 d4 d5 2 c4 c5 3 Nc3 Nf6 4 e3 e6 5 Nf3 Nd7 6 Qc2 Bc6 7 b3 0-0 8 Be2 Re8 9 d-d4 10 bxc4 e5 11 Rd1 Qe7 12 a4 e4 13 Nd2 Nf8 14 Qa2 c5 15 Nb3

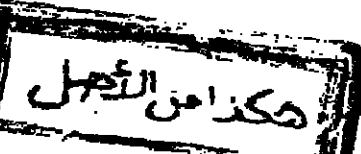
Ng6 16 Nxc5 Bxc5 17 dxc5 Qxc5 18 Nd5 Ng4 19 Bg3 Qc6 20 c5 a6 21 Rb1 Be6 22 Rb6 Qc8 23 Qb1 Bxd5 24 Rxd5 Nf6 25 Rdd6 Ra7 26 c6 bxc6 27 Rxdxc6 Qf5 28 Rb5 b5? 29 Rxf6? Resigns.

The Mind Sports Olympiad on August 18-24 at the Royal Festival Hall includes a £6,000 five-day chess open with money prizes and medals for weaker players. For details of how to try your 'skill', call 0171-485 9146.



White mates in seven moves, against any defence (by S. Ansell, 1994). Note the seven rounds trick, but this old-style 'puzzle' has a subtle point at White's fifth turn.

Leonard Barden
Solution Back Page



PERSPECTIVES



Joe Rogaly

Defender of the faith – or the coffers?

Free the prince. Cut the knot. But disestablishmentarianism will cost the Church of England

The Church of England, established by law, gains no advantage in Heaven from its association with the Crown of the United Kingdom.

I last ventured this observation some four years ago, during a burst of little-tattle about the private life of the Prince of Wales. Since then the bound script of Salacious Tales, featuring the distressed Charles, his former wife and his possible wife-to-be, has visibly thickened.

The indestructible soap floats on a bubble to eternity. A repeat instalment leads not to cancellation but renewal of the contract. None of this will make any difference to the price of tomatoes. It does, however, have a spiritual dimension. So far as you and I are concerned, the heir to the British throne may liaise with

whomsoever he pleases. It is no business of ours. The head of the Anglican Church has no such freedom.

Will we ever see the episode, much anticipated, in which prince becomes king? If so, the two heads become one, monarch and supreme governor of England's Church, defender of the faith. Anglicans would be in turmoil. The Archbishop of Canterbury reminded us of this prospect during a visit to Australia this week.

More than the lands of Oz and England would be affected. Canterbury is a figurehead for the worldwide Anglican communion, whose member churches were founded by missionaries who risked their lives, or by English settlers in what became the white Commonwealth, or by America's Episcopalians. There

are Anglicans in India, Japan and South Africa. Most of the world's 70m adherents are black Africans.

Their Church is an imperfect institution, full of doubt and introspection, but it carries an important part of the Judeo-Christian inheritance that lives in western skulls. Anti-disestablishmentarians argue that this commonwealth of the mind would vanish if the C of E ceased to be part of the British state.

Possibly, but the risk must be taken. The archbishop is right. He knows his own people. Some Anglicans are relaxed about divorce and remarriage; others are vehemently against. The clergy is sorely divided.

There have been many arguments, and doctrine has been compromised, but the general tendency favours one marriage,

for life, per person. There is only one way out. Free the prince. Free the Church. Cut the knot. Liberate Anglicanism from its origins as the creature of Henry VIII. If that means shrinkage, so be it. Christianity began as a rebellious sect. If the Church of England is to be born again it has to go back to independent Christian roots.

Admittedly, we are talking of a huge programme of disentanglement. The Church is governed by acts of parliament. Hindus and heathens, Moslems and Methodists may decide its fate. You do not have to declare your religion to sit in the House of Commons.

In the woolly English way, the Commons usually follows the Church's guidelines but the principle is not defensible. Anglican bishops are appointed by the

Queen, on the recommendation of the prime minister, who consults a short list prepared by the Church. No 10 Downing Street sends 26 of the diocesan bishops it appoints to the House of Lords. This is a theological extension of patronage, an absurdity in a multi-faith society.

Such quaint goings-on have nothing to do with religious belief. They confer no benefit on anybody save the immediate protagonists. The Church of England bears the burden of entanglement with power without enjoying the ability to exercise it. It is time for modernisation, for casting away the crushing weight of the past.

Against that argument there is, of course, the money. Financial mismanagement has diminished the fund of earthly riches. The consequence is that parish

clergy are now obliged, like academics, to scratch around ever more piteously for fresh sources of support.

Yet over the years the Crown has been beneficent to its Church. The endowment thus accumulated is still central to the clerical exchequer. Pastors' pensions are paid from the £2.7bn Queen Anne's bounty, donated to the Church in 1703. Tithes were commuted to rents in 1836, and bought out a century later. Manors and large tracts of land were given to bishops and later taken in hand by the Church Commissioners.

All this might be confiscated by the Treasury if the Church was privatised. As Frank Field put it in January, no disestablishment bill has passed through parliament without disendowment. Mr Field is currently part

of Tony Blair's administration, serving as minister for thinking the unthinkable about social security reform. He takes a keen interest in church affairs. In his view, the effect of separating the state from the C of E would be that "the day after, the same old crew would be running the same old show with a lot less money".

These are weighty considerations, but they do not persuade me that the status quo is best. Many in the west are searching longingly for spiritual guidance, and the local parish church is usually but a short drive away. Yet we hopeful agnostics must ask – what on earth are the Anglican disciples of Jesus Christ doing in their centuries-long embrace with the descendants of Caesar? Surely not merely preserving their position? E-mail – joe.rogaly@ft.com

Lunch with the FT

A generation never taught to serve aces

David Gardner finds Edward Said is irritated by his illness and by his people's record of failure

Edward Said simply cannot sit, anywhere, for any length of time. It irritates him that he is limited in his playing of the piano, as well as being professor of English and Comparative Literature at Columbia University. He is an accomplished music critic. But what appears to irritate him most is not being able to write and speak as much as he would want.

Said, who is struggling against leukaemia, has made his name from strong writing and stern talk.

The Jerusalem-born, Palestinian-American scholar is a polemicist. He believes that Yasser Arafat is scarcely competent to run a town council, let alone secure a Palestinian state from Israel to measure up to the pomp of his title of president.

He mockingly compares Arafat to the ageing tyrant in Gabriel Garcia Marquez's *Autumn of the Patriarch*. "He has no stable sense of reality, but he has an incredible sense of survival," he says. "They [Arafat and his entourage] are all sort of anaesthetised... it's a bit like a Mafia mentality."

Said has always had a strong personal following among his students. A friend of mine who attended his lectures 15 years ago described him as having the looks of the young Gaddafi, the Libyan dictator, with the self-deprecating manners of an East Coast prep.

Although Said looks fit, and is always well dressed, he tires easily and must be careful about what he eats. We have chosen the Spanish and Basque food of Cambo de Tercio in London's Old Brompton Road.

He has Almeida de Lektio – claims in brine and fresh herbs in the manner of the Biscay fishing village where the young chef hails from – and salmon done mostly in the oven.

He orders a beer, which ultimately remains unfinished.

I have Pimientos al Piquillo – red peppers from the Rioja stuffed with cod – and Cochinito: crisp, roast suckling pig the way it's done in Segovia, and a couple of glasses of red.

"I used to play tennis quite well," he reflects, "and my son is almost tournament standard," he says proudly. "But what were we [as Palestinians and Arabs] ever taught except to get the ball back over the net? It's like it's enough to have survived

reinforcing system of intellectual colonialism.

In it, he argues that even the most gifted of English, French, German, and subsequently American, experts on the Middle East, be they philologists or philosophers, poets or travellers, "were creating what they wrote about."

The attraction and difficulty of *Orientalism* lies, in part, in that you observe the thinking going on from page to page, rather as you do when listening to Said.

This time last year, Arafat's administration banned a collection of Said's essays which continued to insist that the Palestinian peace agreement was so one-sided as to be unworkable and amount to a capitulation to Israel.

Probably Said's worst crime in Arafat's eyes, I suggest, was to question the political, technical and linguistic competence of the Palestinian peace negotiators.

"They didn't even have a translation [from the English in which the accord was negotiated]," Said fulminates.

"They were calling people all round the world and saying 'Jack' or 'Khalid' or something, and asking them: 'What does autonomy mean?' It took Arafat one whole year to realise he didn't have a state."

Four years on, Arafat presides over a collection of Palestinian towns in the West Bank and Gaza Strip, encircled by Israeli occupation forces, cut off from Arab east forces, and separated from each other by expanding Jewish settlements, pretty much as Said had predicted.

I tell Said that I recently ran into a senior Israeli military intelligence official, who was present at all the peace negotiations, and who explained that the Israeli team's main tactical aim



Edward Said, who is struggling against leukaemia, might look fit – but he tires easily and maintains a rage against the Palestinian leadership

AMR HANZAWA ARCHIVES

Truth of the Matter

The hordes will not be led to culture

The arts have grown apart from the democratic forces of the age, says Antony Thorncroft

In the 19th century, the words have a comforting ring, somehow equating the ending of the century with the throwing away of some worn, but faithful, slippers. The phrase came into currency 100 years ago when the Victorians could not wait to be rid of the 19th century. The 1890s was the decadent decade, Oscar Wilde, The Yellow Book, and all that, with Victorian values cracking but nothing yet ready to replace them.

The great changes, certainly cultural ones, did not come until the early years of the new century when Modernism – in art, literature, music and architecture – transformed the arts forever. As we approach another *fin de siècle* we can now see where this cultural revolution led us – to the most doleful century for the arts that could ever be imagined.

The 20th century compares badly with the glorious 18th and the Age of Enlightenment, with the expansive

16th; and with the Renaissance of the 15th.

It even loses out to the despised 19th century. What 20th century writers can compare with Tolstoy, Dickens, Flaubert? What dramatists with Ibsen, Chekov and Wilde? What composers with Beethoven, Wagner and Verdi? What artists with Cézanne, Turner, Manet? 20th century architecture is a disaster, making even 19th century Gothic seem inspired.

It began so hopefully with Modernism, and within the first two decades of the century the traditional artistic landscape had been as comprehensively overthrown as the Russian Tsars and the Austrian Emperors. In art, Picasso. Encouraged by

Braque, progressed to Cubism, which let loose the Fauvists, the Constructivists, the Vorticists, the Surrealists, and more.

In literature, Joyce wrote *Ulysses* and the modern novelist breathed a sigh of relief, abandoning plot, character and clarity; in music, the Viennese school opened the way for atonal music; architecture embraced Corbusier, and concrete, and functionalism. Even if you could not admire the finished works it was possible to appreciate the energy and the imagination which drove them.

But as the century wore on these revolutionary developments began to seem like blind alleys, but alleys from which artists refused to back out. So, in the second half of

the 20th century, painting came to a dead end with abstract expressionism, which already looks stale, and the visual arts generally threw in the towel with conceptualism and irony, which had been around since Duchamp invented Dadaism 80 years ago.

Literature lost the mass middle class audience that had consumed George Eliot and Thomas Hardy as it chased its tail with such arid distractions as structuralism and semiotics: no one remembers even now the short list for the 1994 Booker Prize, but in 1994 the judges could have chosen from du Maurier's *Trilby*, Hope's *The Prisoner of Zenda*, Moore's *Esther Waters*, Kipling's *Jungle Book*, Gissing's *In the*

Year of the Jubilee; and Stevenson's *Ebb Tide*, most of which remained in print for the next century.

Perhaps the saddest case has been classical music. Scheduling 20th century music, especially post-1950 music, into a concert programme is the kiss of death at the box office. Since its inception in 1946, the Arts Council has commissioned thousands of pieces of music, the great majority of which failed to merit a second hearing.

It is the same for opera: the opera houses feel that they must commission new works, but very, very few make the repertoire.

Architecture, the art form where visionaries thought that creative imagination,

and new materials, could actually transform the lives of the people, has perhaps performed the worst, as our baleful city landscapes confirm.

What the arts have achieved in the past century is an uncanny knack of detaching culture from the experience of most of the population, and that at the very period in history when societies became democratic.

The readers of *Ulysses*, the fans of Stockhausen, the admirers of Jackson Pollock, the listeners to Henze, form small, inward-looking minorities. The arts have lost their democratic mandate, or rather popular taste has moved on to the new art forms of the 20th century: film and television, and pop

ular music. This has caused problems for the cultural elite. It has just about managed to swallow the cinema; it can appreciate the energy of jazz and rock, the emotional pull of the blues and contemporary "folk", but, with some justification, it cannot admit them to the traditional arts pantheon.

Not only has culture in the 20th century lost its way intellectually, it has also grown apart from the democratic forces of the age.

What makes it all so sad is that, from a historical perspective, from the viewpoint of an impecunious Victorian artist or writer, the arts in the 20th century have been smothered with advantages. Universal education, and financial subsidy from gov-

ernments, should have produced generation after generation of great artists from every section of the community, as well as an expanding audience. It has not happened.

The crisis of confidence in 20th century culture is most manifest in the new temples for the arts now rising to celebrate the millennium. The refurbished Royal Opera House Covent Garden; the re-built South Bank Arts Centre; the "new" Tate Gallery of Modern Art emerging from the old Bankside power station – all are face-lifts on existing structures. No one has dared to build a substantial new arts building for the third millennium.

And, equally ironic, as the buildings emerge, so the art forms they are designed to house look increasingly vulnerable, not least the most costly project of all, the £500m new British Library at St Pancras, which is on course to open just at that moment in history when the book is eclipsed by electronic data.

PERSPECTIVES

When I want a reality check, I re-read a book called *The End of the World*, by philosopher John Leslie, published last year.

Leslie asks whether the human race is in danger of extinction soon, and concludes that we probably are.

He pays particular attention to the so-called Domsday Argument, which indicates that there are sound reasons for believing that humans will not survive for many more centuries, let alone thrive and colonise the galaxy.

All sorts of things could snuff us out. Nuclear or biological warfare or terrorism. Destruction of the ozone layer. Greenhouse effect. Disease. Technological cock-up (perhaps computer-related). Natural disasters, including asteroids and comets. Massive astronomical explosions. Annihilation by aliens.

Those are only a few of the things that could tip the human race into extinction. But the potential disasters I like most are the ones Leslie classifies as "something-we-know-not-what" - dangers unimaginable, or even unimaginable.

"With respect to most of these matters," says Leslie, "we are... groping in the dark."

□ □ □

My name is Jane Astor. I am a 33-year-old, American-trained, London-based private investigator. Groping in the dark is what I do professionally, though on an infinitely smaller scale than the one tackled by cosmologists.

I work four days a week, 42 weeks a year - a relaxed attitude to work that derives from the fact that my father, when he died, left me \$3m.

Having \$3m in the bank does not mean I am a dilettante. I am highly qualified, and go about my business conscientiously, though my fees are modest. I charge £1,050 plus tax and expenses per four-day week, for which my clients get excellent value.

This is especially true of my most recent client, a woman named Elizabeth Mallalieu, though I doubt that Elizabeth, right now, is singing my praises across London.

She hired me eight weeks ago to investigate the murder of her husband, Robert Mallalieu, a gold market specialist. A few days ago, I told Elizabeth my investigation had been successful. My inquiries had revealed that the man who killed her husband was someone close to her, or formerly close to her. The man who killed Robert Mallalieu was Elizabeth Mallalieu's former lover - a thug named Lee Hamer.

Not that Hamer could defend himself, for he was Elizabeth's ex-lover in an absolute sense. Hamer was dead, killed in a motorbike crash the night before my last meeting with my client.

By then, I confess, Elizabeth had already fired me - terminated my investigation. Not that I cared. After weeks of struggling to put my finger on something I knew-not-what, at last I had succeeded. Yet now - peculiarly - my predicament was worse.

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My final meeting with Elizabeth Mallalieu happened last Monday evening, three hours after she had returned - a day early - from holiday in Sardinia following news of Lee Hamer's death. Hamer was 29, 15 years younger than Elizabeth. He had been killed after losing control of his Ducati motorcycle at 130mph on London's Westway flyover.

As on other occasions, we sat in the large, cool sitting room at the back of Elizabeth's house in Little Venice, not far from the Westway. With me was Paul Wilson, my trainee assistant. Paul is 20, and learning fast.

Although her lover had just been killed, Elizabeth had composed, at least to start with. She is a strikingly beautiful woman. Dark brown eyes. Light blonde hair. Svelte. Sensuous. She was wearing a jade silk dress slit to mid-thigh.

Paul was staring; his mouth was open. I signalled to him to shut it. After appraising him when we arrived, Elizabeth was now ignoring him - focusing solely on me.

As soon as we sat down, she handed me an envelope. "I am terminating your investigation."



FAKE: The final chapter, by Michael Thompson-Noel

Jane Astor has been investigating the murder of businessman Robert Mallalieu.

To start with, her inquiries took her into the labyrinths of two distinct markets, gold and art fakes. But Astor changed tack when a friend of Mallalieu's, Dmitri Zhuravsky, advised her to focus on her own client - Robert Mallalieu's beautiful widow, Elizabeth.

Astor has realised that Mallalieu's murderer was Elizabeth Mallalieu's lover - Lee Hamer. Now Hamer has been killed.

Astor and her assistant might have concluded that the Mallalieu case was closed. Yet Astor knows better. She is ready to confront her client, in the belief that the deaths of Mallalieu and Hamer were not unrelated...

and business friendship with your late husband. Take my word: Zhuravsky's in the clear."

Elizabeth glanced at Paul, then switched back to me. "How busy you have been, Jane, scurrying here and there in your fake Armani suits - they stand out a mile - and your little pink car. But we're losing sight of Lee. How does Lee fit in?"

"It was Zhuravsky," I said, "who told me to turn my investigation on his head, Elizabeth, and look at your relationship with Hamer. And it was Zhuravsky who told me about the state of your finances, which are shot to pieces."

Her lip twitched; that was all. I told her what I knew about Lee Hamer: former paratrooper; twice stationed in Northern Ireland; army boxing champion; court-martialled and thrown out of the Paras for severely beating a fellow soldier; subsequently hired by Elizabeth as a contract worker for her garden design firm.

"You recruited Lee Hamer two months after he was kicked out of the army," I said, "via an organisation based in Aldershot that helps with the rehabilitation of ex-soldiers and ex-prisoners - young males, sometimes violent ones. This organisation, called Another Chance, is co-funded by the army and the prison service."

"It does excellent work," said Elizabeth. "Oh, sure," I said, trying not to feel irritated by the way Paul was wincing in sympathy with Elizabeth. Paul is impressionable. Women would run rings round him if it wasn't for me.

"You're a dedicated supporter of Another Chance, aren't you, Elizabeth?" I continued. "In the past 12 years you've recruited nine workers in this way. Young soldiers or ex-criminals who'd fallen on hard times, some of whom - five, I calculate - subsequently fell into their employ-

er's bed, the latest being Hamer."

Elizabeth didn't react. "Hamer was in your thrall," I said. "He wanted to marry you. He also knew your business was flourishing. I have located three people - including two former army friends of his - to whom Hamer boasted he was having an affair with an older woman whose money troubles he was going to sort out."

Looking at Paul, Elizabeth uncrossed and recrossed her legs. "Go on, Jane," she told me. "I've got something that directly links Hamer to Robert's murder. As you well know, Robert was murdered in Blomfield Road, 700 yards from here, at about 6.45pm on the evening of May 9."

"The day I first met her I had asked whether Robert was usually home that early, to which Elizabeth had replied that Robert did not live with her."

I lit a cigarette, and blew a smoke-ring. "You explained that you and Robert were separated," I said. "Once a month or so, he visited

you to give you money. When you and Robert separated, he gave you this house and agreed to pay all expenses connected with his daughters' upbringing, especially their education." The Mallalieu had two children. "That's true," said Elizabeth. "So what?"

"What happened, Elizabeth, was that you ducked the question about the time Robert was murdered in Blomfield Road. Paul here - I gestured towards him - 'has talked to Robert's secretary at Brightsun Investments. A woman called Julia Harrison. Harrison has checked Robert's diaries for the past four years. Invariably, Robert visited you on the 8th or 9th of the month, if he was in London, and always at 9pm or later. But on May 9 a call was received at Brightsun asking him to visit you at 7pm."

"Julia Harrison was on holiday. In fact, the call to Brightsun was mis-routed by the operator to one of the dealing desks, where someone took a message and passed it to Robert. All calls to those desks are recorded. I have played a copy of the tape to the three people who say Lee Hamer boasted to them about his affair with you. They say the voice on the tape is Hamer's. Eventually, the police will be able to compare it to tapes that the army has of Hamer on patrol in Northern Ireland."

"Why Hamer wanted Robert to call on you at 7pm and not 9pm is - again - something the police will wonder about. So far as I and Paul can tell, Blomfield Road is busier between 5pm and 6.30pm, and again after 9pm. But between 6.30pm and about 8pm it can be deserted. Hamer would have known that the best time to kill someone in Blomfield Road if they wanted it to look like a robbery was between 6.30pm and 8pm."

"The police will also have a better idea where to look for the watch Hamer stole to make it look like a mugging, and the razor he used to kill Robert. What a coward Hamer was, Elizabeth. He slithered up behind Robert and slit his throat like an animal's."

Elizabeth was now crying. Her face was soaked with tears. Paul was swallowing hard. I wasn't fooled.

up to kill my husband. How did I set him up? You really are a lunatic."

For some time, I stayed silent. Elizabeth was crying again. "It was Dmitri Zhuravsky," I said finally, "who told me, bluntly, that scurrying about in my little pink car - investigating his involvement in the gold market and his and Robert's mutual interest in art fakes - had blinded me to a simple fact: that the only person who gains anything from Robert's death is you, Elizabeth."

"Money slips through your fingers like mercury down a manhole. You own this house, which is worth - I've checked - £1.2m. But it is heavily mortgaged. You have borrowed £850,000 on this house alone. You are hopeless at business. Because of incompetence, your garden design firm is a joke. Yet whenever you want something - clothes, a new sports car, holidays, anything - you just write another cheque."

"Originally, Brightsun Investments was due to pass to you in the event of Robert's death, though God knows why. Your children inherit all the rest of his estate, which is worth a great deal. As a going concern, Brightsun itself is worth at least £10m, but last Christmas Robert changed his will."

"He told Zhuravsky he was disgusted by you, though he still wanted to leave you something. As things stand, you are due to inherit 25 per cent of Brightsun, instead of 100 per cent. The other 75 per cent goes into your daughter's trust fund. My guess is that you were desperate to cash in your chips: to engineer Robert's death before he grew even more disgusted by your greed and shallowness and fakeness - and changed his will again, blotting you out entirely."

Elizabeth smiled. Her poise and confidence were returning. "To find a thug to kill Robert," I continued, "you did not have to look farther than the head on the next pillow. There he was: Lee Hamer. I am not even sure that Hamer realised he was being manipulated, though I think he probably did. Why else would you have had him killed?"

Elizabeth was laughing. She said: "Now you're going too far. This is really crazy, Jane."

I stared at the floor. I said: "He was here last night, wasn't he - Hamer. Here in this house. No doubt he had a key. My guess is that last night Hamer phoned you in Sardinia, and you told him you were through with him. He must have been in a rage. He was killed on the Westway flyover, halfway between here and his flat in west London. At 130mph, he lost control of his motorbike. He had killed your husband for you - now you were throwing him out."

"Alternatively, you arranged for someone to sabotage his bike. A man I know who owns a bike repair shop in Hammersmith says there are several ways a high-performance machine like

Hamer's can be fixed so that it smashes out of control - especially at high speed."

Elizabeth grimaced at Paul. "What is it like working for someone with an imagination like Jane's, Paul?" she asked him. "Must be fairly weird." Paul didn't know where to look.

"Hiring me," I continued, "looked good, didn't it? Grief-stricken widow hires private investigator to - what was your word? augment? - yes, augment police inquiry. Very clever. A perfect smokescreen. In addition, there was the chance that I would discover and report to you something that helped put you on your guard."

"How on earth do you reach that conclusion?" asked Elizabeth. She was enjoying this. "Throughout our dealings," I said, "you have hardly made a mistake. There were some small inconsistencies in what you've told me, but nothing that would impress the police."

"However, a month ago - out of the blue - you sent me a cheque for my first month's work: £4,500. Clients never pay fees unasked. I was puzzled - until I realised you had been on the brink of terminating my inquiry. Yet something warned you to be careful. I have worked out what that was: Zhuravsky was meeting me in Scotland. You needed to know what Zhuravsky had to say, so you let my investigation run on for a bit."

"This is poor, Jane," said Elizabeth. "I have to say it - poor." "Shut up," I said. I was angry. I was coming to the view - in fact, I was sure - that, barring miracles, Elizabeth was going to get away with her crime. No one would catch her. Her gamble would pay off. She would dance on the graves of her husband and Lee Hamer.

"You are correct," I said at last. "The case against you, Elizabeth - as opposed to the one against Lee Hamer - is ambiguous, to say the least. But there is one thing more. It won't carry weight with the police, but it is the reason I know you hired me as a decoy. When we first met, you said that when you were considering hiring investigators, you initially tried Kroll Associates in London, and that they recommended me."

"Kroll are big and famous. You were trying to impress me. I worked for Kroll in Miami until three years ago, and know their people in London. So I checked with them. Elizabeth Kroll didn't want your business. It's not what they do. So they gave you the names of four small detective agencies. But you wanted someone even smaller - a one-man band. So you rang Kroll again and they gave you three more names, including mine. I alone was perfect: completely insignificant."

I stood up, and told Paul we were leaving. There was nothing more to say. Elizabeth walked with us to the front of the house. She opened the door. She looked into my eyes, smiling her beautiful smile. Then she kissed Paul goodbye.

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That was three days ago. Paul and I are now in Trinidad, spending some of the money - more than £22,000 - we have won this year by betting on sport. We are outstandingly successful bettors. Paul makes all the selections. I handle the money.

After Trinidad we may go to Tobago. Or St Lucia, or Cuba. Then, perhaps, Miami. I want to show Paul the places in Florida where I grew up.

Paul is not convinced that Elizabeth had anything to do with her husband's murder. This morning, he was still talking moodily about her. I told him to give me a break, and showed him what I was reading - *The End of the World*.

"Paul," I said briskly. "You look a bit stressed. You need to cool down. Forget about her. Paul. I want you to take your skinny body and submerge it in the pool for at least four hours."

"OK," he said good-naturedly. "What's your book about?" "In a sense," I told him, "its theme is retribution: the purging of human guilt via the agency of gross catastrophe. Asteroids, aliens, robots - memento. There is a black star in the heavens named for every one of us."

"In the meantime, Paul, bring me a vaddy."

The ultimate sporting challenge

Air tickets to be won in this FT Weekend competition

This is week eight - the final week - of our summer series of sporting challenges. The two winners of this week's competition will each receive two business class return tickets for air travel within Europe, courtesy of Lufthansa. But it is the toughest challenge yet, demanding critical judgement, long and short-term memory and a vivid imagination.

Great sport is still great sport. But so much of it is so accessible today that it is hard to filter out who is doing what and how well. It is difficult to weed out the truly great from the simply good.

The other problem is the Forrest Gump phenomenon - the magic moments are replayed so frequently that meaning and lustre are lost.

Now you have a chance to manipulate memories by describing magic moments that might have been. Remember when Frank Brang took out Tyson in the fifth round? And how could you forget the time Greg Norman surrendered a

whopping lead in the US Masters but fought back to win a heart-stopping play-off against Faldo? And who was it that Tim Henman beat in the semis on his way to that first Wimbledon victory?

So this week, if you could create one special sporting event, performance or incident in history, what would it be? We want readers to let their imaginations run with the abandon of a Kenyan steeplechaser - the only limit is 100 words.

How to enter

Send entries by post to Weekend FT, Summer Competition (Ultimate), One Southwark Bridge, London SE1 9HL, by electronic mail to ultimate@ft.com or by fax to (44) 0171-873 4433. Entries must be received by noon, British Summer Time, on Wednesday. Please provide name, address and daytime telephone number.

Last week's winners

Much has been written on the intellectualisation of football, noting that the lads have all of a sudden become literary and that footballers are philosophers in sponsored shirts. Our experience, after asking last week for a mission statement or slogan, is that football could do with a bit more intellectualising.

Too many entrants tackled from behind, choosing to use the pun - a device banned on the field and off - that came all round.

And the difficulty of converting stadium chant into mission statement was highlighted by a seeming Leeds fan, who suggested "I'll be the first" - the judges thought deeply about that entry for several hours, rummaging through sources from Ernest Gellner to the Neo-Taoist, Tao Hsiao-nai, but we failed to peel back all the literary layering.

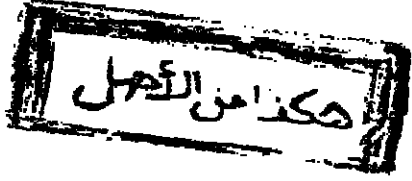
A special mention must be made of M.J.P. Fawcett, of Surrey, who, every week, has provided an entertaining father-son dialogue in the tradition of the late Harold Winnott. It is difficult to isolate a sentence for publication, so he will get a Special

Jury Prize of a thick book

The Big Winners are:

- What games they play, the tabletop sort. To make fans pay, for no-called sport. (David Stone, Farnham, UK)
- Come experience football, the truest game, whether in stadiums, airways or gold. (Leo Casey, Rickmansworth, UK)
- They kick, they yell, they think they're it. (Terry Cannon, Twickenham, UK)
- The thinking man's game. I think. (John Sullivan, Scunthorpe, UK)
- Football... in front of me, the best of the best. (D. Derek Beckman, Rotherham)
- In the lottery of life, this is the bonus ball. (Mrs N.W. Hopkins, London)

CONDITIONS: This week's competition is open to all readers aged 16 years and over. Entries must be submitted to one of the editors by the deadline of the specified date. The winning entries will be published in the Weekend FT panel, will be published in the FT on Saturday, August 9, and will be eligible for a prize of a thick book. All prizes will be distributed to winners within 10 working days. There is no cash alternative. Copyright © 1997 Financial Times.



BOOKS

A novel search for Truth

A.C. Grayling admires the writings of Iris Murdoch, a Platonist with a love of art

At the end of *Art and Iris Murdoch* has Socrates say, "Good art tells us more truth about our lives and our world than any other kind of thinking or speculation" - it certainly speaks to more people. And perhaps the language of art is the most universal and enduring kind of human thought. These words encapsulate her credo. The wide-ranging, richly varied writings in this collection, stretching from 1951 to 1988, accumulate a message: the idea that art is the way to Truth, and the Truth is that love is the essence of morality.

Murdoch was a philosophy don at St Anne's College, Oxford, before devoting herself to writing. It is evident from these papers that from the start of her career as a professional philosopher, as afterwards, she was convinced that the aesthetics of "ordinary language" philosophy, as then practised under the influence of Gilbert Ryle and J.L. Austin, were wholly inadequate to the ex-

istence of lived life. She had worked with war refugees, and suffered bereavement of men she loved; none of the nits picked in Oxford seminars or meetings of the Aristotelian Society seemed to her to come from bodies of real flesh.

EXISTENTIALISTS AND MYSTICS: WRITINGS ON PHILOSOPHY AND LITERATURE
by Iris Murdoch
Chatto & Windus £20, 346 pages

One can see, in the light of Murdoch's life-long concern with the link between love and the highest good, the attraction of this call; but she came to see existentialism as relativistic and solipsistic, a kind of meatless romanticism; and the work of Simone Weil alerted her to new possibilities in Plato, who had been presented to her as an undergraduate at Oxford as a

merely literary figure. Murdoch calls herself a Platonist, but she is not one in a straightforward sense. She does not, as these essays show, at all agree with his hostility to art, which he regarded as untruth, and as appealing to mean and stupid appetites in the human soul.

That is the opposite of Murdoch's view. But she is indeed a Platonist heard, as if it were the sounding of a sunken bell, the repeated themes of art and love, goodness and (secular) salvation.

These essays bring this elaborate and subtle structure of ideas into clear view. It is extremely useful to have them collected in this way, not just for ease of reference (some have been buried in obscure places until now) but because they show how consistent, how coherent Murdoch's vision has always been. There is deep, brave thought here, which for much of the time Murdoch was working it out, addressed itself to concerns unfashionable both in philosophical and literary circles. But that would never have been a consideration: she had seen that "meaning" as investigated in analytic philosophy and "meaning" as investigated in literature were at different ends of long polarity; and that it was meaning in the latter sense that counted.

Here is the key to Murdoch's turning from philosophy to literature as her main avocation. But as these essays show, together with her large, actually unfinished (in the sense in which, say, a piece of sculpture is "finished" by polishing) book, *Metaphysics as a Guide to Morals*, philosophical concerns never lost their grip on her, and she continued to work at philosophical ideas throughout. There is no anomaly here: as a genuinely philosophical novelist, who continued the search for truth by what she saw as far the better means, Murdoch takes the difference between philosophy and literature as one of technique. In the latter, allusion and tone are vehicles of communication; literature must sometimes conceal to reveal, must lead to the solution that mysteries provide, must hint and coax by indirections. Philosophy, by contrast, must strive for clarity; a philosophical sentence has to say one thing accurately, whereas a literary one may, and often ought, to say many things suggestively.

Iris Murdoch, as these absorbing and illuminating essays show, does both.



The 17th century Dutch painter Jan van Kassel was the grandson of Jan 'Velvet' Brueghel. Kassel's work is included in 'An Oak Spring Flora', Lucia Tongiorgi Tomasi's selection of botanical art from Rachel Lambert Mellon's collection for Oak Spring Garden Library, Virginia. The 427-page book, published by The Oak Spring Foundation, is distributed by Yale University Press and costs £20

An insensitive view of history

To say that this potential work descends to the level of the play-ground would be to belittle the quality of childhood discourse. A more appropriate comparison would be to the Christmas pantomime, with an audience which argues that the democracies should have done more to save the Jews during the Nazi era to which Rubinstein shrilly replies: "Oh no they couldn't".

One of the great ironies about *The Myth of Rescue* is that Rubinstein criticises his academic opponents for using hindsight and engaging in pointless "counterfactual historical speculation". But it is Rubinstein himself who lacks any sense of historical context. For example, using post-war knowledge of the Holocaust in the last

THE MYTH OF RESCUE: WHY THE DEMOCRACIES COULD NOT HAVE SAVED MORE JEWS FROM THE NAZIS
by William D. Rubinstein
Routledge £18.99, 200 pages

stages of the conflict, and the arguments of recent military historians, Rubinstein argues with regard to the "myth of the bombing of Auschwitz" that it would not have saved any Jewish lives and might, indeed, have had the reverse effect.

When it comes to the reasons given by the American and British governments at the time, however, Rubinstein is circumspect. What we learn from the debates that took place in the Jewish, pro-Jewish and Anglo-American governmental worlds about such bombing requests in the summer of 1944 is that, when it came to the crunch, the lives of Allied servicemen were not to be risked to help the Jews. No wonder that subsequently pilots like the late Leonard Cheshire were horrified that such decisions

humanity committed this century. The earlier sections of the book, concerning the pre-war period, are simply a eulogy to what was done to rescue the Jews of Germany, Austria and Czechoslovakia. Rubinstein is anxious to praise the rescue of children. Yet, to take the famous British case of the *Kindertransport*, if the policy was so humanitarian, why was it deemed necessary to split children from parents when all the adults concerned knew that the families might never see each other again. The heartbreak of that separation, which Rubinstein fails to even consider, goes beyond such crude categories of "mean" or "generous". It reflected the ambivalence that lay behind most of the decisions taken by the democracies with regard to the Jews during the 1930s. But ambiguities, silences, the moments of joy and sheer frustration on behalf of the refugee campaigners are lost, as are so many other important nuances in this insensitive book.

Tony Kushner

Musical highs and lows

This Schumann biography is a big read. Beneath its maroon-and-cream dust cover lies an embarrassment of musical riches. Professor Daverio's concern is to correct the myth of poor raving Robert, with his twin musical alter egos, "Florestan" and "Eusebius".

His thesis is that Schumann infused classical forms with intensely personal emotions and, more especially, with insights from literature. "Literature," he says, "held a place in Schumann's creative life comparable to that of philosophy in Wagner's." To see the works, he suggests, one must look behind them - beyond them - to the poetic sensibility that informed their creation.

He is also keen to correct the received wisdom that Schumann was competent only in intimate forms - as though a salon sensibility would ever have done for this most *U-romantic* of composers. If one notes the amateurishness of texture that mars, say, the orchestration of the Fourth Symphony, one is just as often troubled by a sense of overall shape eluding him - but one could say the same of Mahler. Schumann's late, large works have too often been laughed to sylphistic scorn.

The point to be made, perhaps, is that the innate solipsism of Romanticism was always at odds with its urge to project itself outwards: that its close-hugged neurosis clashed, at every turn, with its would-be generosity of spirit. Professor Daverio convincingly identifies "unabashed lyricism, romantic wistfulness, Jean-Paulian rhapsodising, Baroque affect, and Bachian counterpoint" as hallmarks on the late-Schumannian silver, and the musical scope of the book is the more enriched by such insights.

Schumann has a percep-

should have been blue-pencilled away in an early draft. Which is not to say that the book lacks beef: the problem is that it is an awkward hybrid. Part-high gossip glossy, part-academic dissertation, it is a methodological monster.

ROBERT SCHUMANN: HERALD OF A NEW POETIC AGE
by John Daverio
Oxford University Press \$45, 607 pages

PLACIDO DOMINGO
by Cornelius Schnauber
Robson Books £18.25, 268 pages

to be a biography of the tenor. There are some good things in it, but they almost all come from Domingo himself. Mostly, there are embarrassing eulogies which should swiftly be passed over - the fawning epigraphs that guard the doorways to individual chapters, for instance - and some of Schnauber's daffier rhapsodising can similarly be dismissed as gush.

His donnish redundancies ("Nevertheless, I must repeat what I said in an earlier chapter...") and his more flagrant fantasias ("Were I a singer in my own right and a Wagnerian heroic tenor at that...")

Michael Pollard

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BOOKS

In the wake of the Pandit and the Professor

Democracy in India has survived against all odds, writes Sunil Sethi

Fifty years is a short span in the life of nations but long enough to allow an argument to develop, an experiment to become engrained and for some remarkable voices to be heard. If India were one of those biological specimens laid out for dissection in a high school lab, this, more than any other time, would be a good moment to sharpen the scalpels. Among the country's universally applauded achievements at turning 50 on August 15 will be its survival as a huge, rumbustious democracy, the largest in the world. Its more abysmal failures, however, are contained in a couple of stark facts: half of India's population of close to a billion people can neither read nor write and one-third of it lives below the poverty line. The contradiction of half a century of political freedoms that have provided neither elementary education nor economic security to millions points to a further anomaly: how freely or genuinely can a people be said to rule when such large numbers of them continue to remain poor and illiterate?

In part, the answer lies in fault lines emerging from early mistakes made by two brilliant figures in modern Indian history: one, the founding father, and the other, the chief economic planner of the Indian state. Jawaharlal Nehru, its first prime minister, and P.C. Mahalanobis, the architect of Indian state plans, liked, respectively, to be addressed as the Pandit and the Professor. As British-educated members of a Brahminical elite, both were key representatives of a now rapidly-vanishing class of urban intellectuals in public life whose liberal if grandiose vision of modern India is increasingly under attack 50 years later. It was their hold on policy and championing of self-reliance in food, industrial infrastructure and higher education that concentrated too much power in a few politicians and bureaucrats in New Delhi, leading to squandering of economic resources, bottlenecks in food distribution, wanton neglect of primary education and the dominance of the Nehru-Gandhi dynasty.

Ideas that worked or went wrong, and the men who strove to

give India "the garb of modernity" that Nehru spoke of, are the subject of four challenging essays in *The Idea of India* by Sunil Khilnani, a political scientist teaching at Birkbeck College, London. Partly an investigation and partly a polemic, Khilnani's disquisitions on India's democracy, economy, cities and identity are enthralling for their combination of scholarly background, muscular argument and compelling prose.

Writing of the way democracy, only a recent western import, has taken root in India, he shows how its themes and conflicts may contain premonitions for the west's own political future. Yet, the staggeringly diverse and conflicting claims of regional, caste and other groupings have narrowed Indian

THE IDEA OF INDIA
by Sunil Khilnani

Hamish Hamilton £17.99, 263 pages

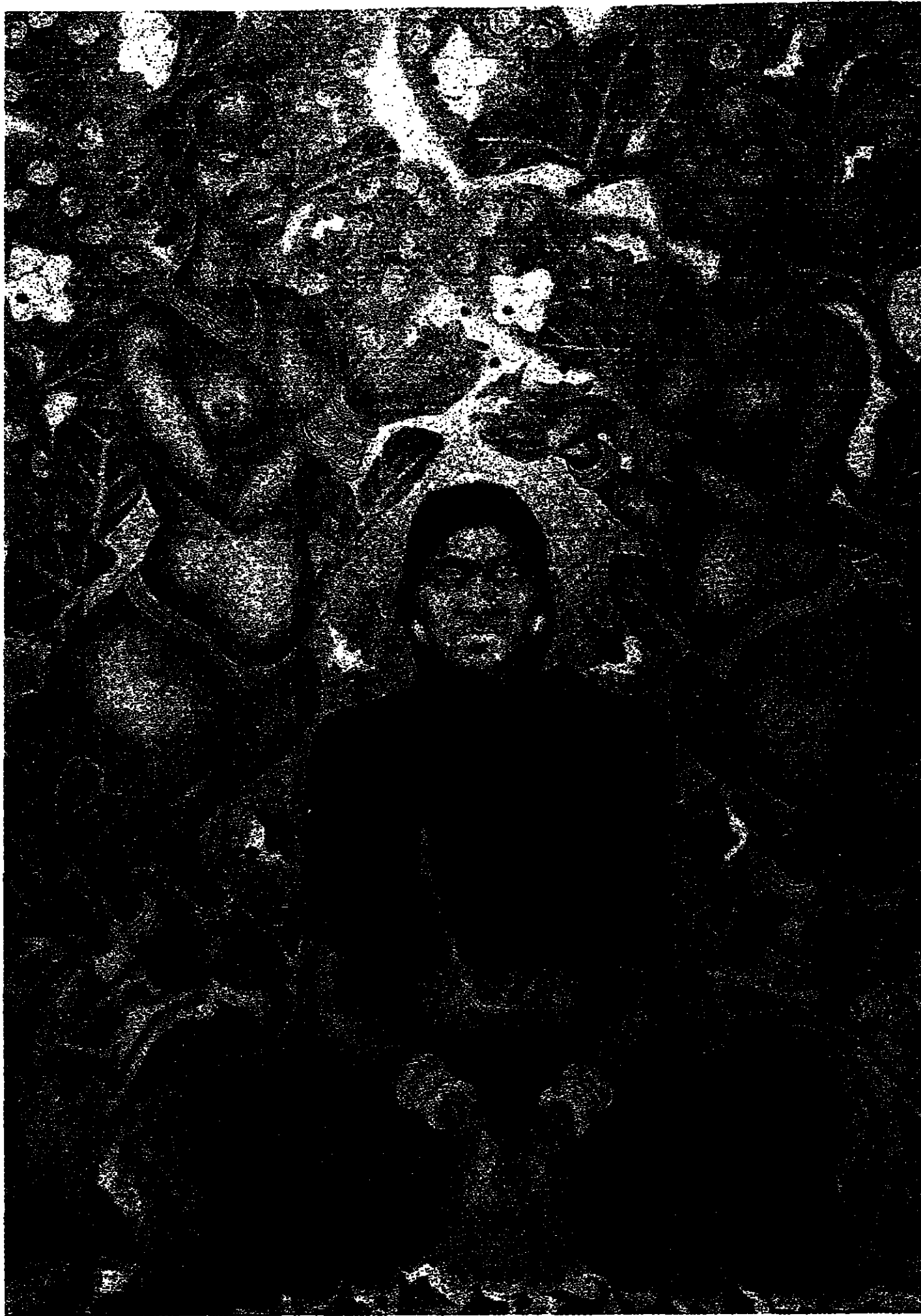
THE VINTAGE BOOK OF INDIAN WRITING 1947-97
edited by Salman Rushdie and Elizabeth West

Vintage Books £7.99, 578 pages

democracy to signify only elections. "In any modern democracy," says Khilnani, "elections are part of a larger set of rules and practices... but in India they are carrying the entire burden of society's aspirations to control its opportunities."

If you were to choose one original work of non-fiction from the swirling mass of new (or recycled) material on India available this year, I would unhesitatingly recommend Khilnani's book - his 30-page bibliographical references are one of the most satisfyingly eclectic reading lists on India I have encountered in recent years.

The Vintage Book of Indian Writing edited by Salman Rushdie and Elizabeth West is 50 years of Indian fiction recycled, a mixed bag of stories and excerpts from novels made notable by sins of omission rather than commission. (V.S. Naipaul refused to be included.) Rushdie introduces the anthology and, given his propensity for tilting at windmills, declares that works by Indians writing in English are "stronger and more important" than in any other Indian language. It is a



Images from a vibrant and changing culture: A. Ramachandran's oil painting "Hannah and her goats" (1994) is one of 307 illustrations in Neville Tull's *The Flamed Mosaic*, a study of contemporary Indian art (Mapin Publishing, £25, 480 pages)

hasty, teasing opinion, difficult to substantiate and designed to annoy.

Only about 3 per cent of nearly 1bn Indians read English. How many of these 30m read anything other than textbooks is not clear. Indian schoolchildren are sooner

likely to read modern classics by U.R. Ananthamurthy or O.V. Vijayan (in the original or in translation from Kannada or Malayalam, two of India's 16 "official" languages) not included in the anthology, rather than Ruth Praver Jhabvala or Vikram Seth,

who are. Also included is a short story by film-maker Satyajit Ray, though most readers outside Bengal, where his literary reputation approximates that of Edward Lear, may wonder why. Still, one is grateful to the editors for displaying the comic talents of a fine

group of younger writers such as Arundhati Roy, Githa Hariharan, Ardashir Vakil and Anjana Appachana to their best advantage. Like most anthologies it is a random, unrepresentative selection, a book to be borrowed rather than possessed.

Fiction

Family friction

Eight-year-old Kate is the narrator of this exceptional - first novel - by Martha McPhee. "The day the men landed on the moon, our father left us: I was seven, Julia was nine, Jane was 11." A few months later, Kate's mother fell in love with Anton, packed her daughters into the car and left New Jersey for California.

Kate's new life, her new dad and siblings, and the complicated, rivalrous and affectionate relationships of this amalgamated family are brilliantly imagined and observed. As Kate finds a new set of family values on the road, emotional intelligence, rings through McPhee's elaboration of the child's relationship to her past life and her father.

In the Grand Canyon Kate gets lost, at the "Great Unconformity" where two rocks of different ages meet, leaving a gap of missing time. She explains: "For a long while after my father left, I thought time had stopped for him, that he was back there on that day when the men landed on the moon. It was easier to imagine this than to know his life had moved ahead."

As *Bright Angel*, Time rewrites the American theme of the journey west, *The Country Life* reworks that of the 19th-century English governess. Newly escaped from London, narrator Stella Benson is employed by a farmer and his wife as companion to their disabled son Martin. "I am a servant," she replies.

BRIGHT ANGEL
TIME

by Martha McPhee

Faber £15.99, 242 pages

THE COUNTRY LIFE
by Rachel Cusk

Plebeian £15.99, 342 pages

LOVE OF FAT MEN
by Helen Dunmore

Viking £16, 178 pages

CITY OF DARKNESS, CITY OF LIGHT
by Marge Piercy

Michael Joseph £16.99

496 pages

when asked who she is by the young man of the house, with a self-deprecating assertiveness worthy of Jane Eyre.

Cusk combines humour with a striking emotional honesty. Our heroine is a woman on the run, and from the moment we learn that she cannot drive, it is clear that Stella is headed for disaster. About this she is hilarious, as she is about many things. *The Country Life* is warmly recommended.

Having been impressed by Helen Dunmore's Orange Prize-winning novel *A Spell of Winter*, I was disappointed by this first collection of short stories. As a title, *Love of Fat Men* was a curious choice, since maternity and pregnancy are the recurring subjects.

Dunmore writes well of the intensity and ambivalence of relationships between children and parents. Ice and snow provide much of the scenery, with several, linked stories set in Scandinavia; but despite these links, *Love of Fat Men* lacks a plot. The book's final image is that of a photograph, and perhaps it is an interesting metaphor, that these stories are best regarded.

Marge Piercy is the author of a dozen novels, which have ranged boldly in scope. Her latest, *City of Darkness, City of Light*, tells the story of the French Revolution, from the point of view of six revolutionaries.

The lives of Danton, Robespierre, Condorcet and Maron Roland are relatively well documented, and Piercy has a good crack at the elusive "Robespierre". Claire Lacombe and Pauline Léon, actress and shopkeeper, are historical figures also; but their characterisation is more the product of the novelist's imagination than of the historian's research.

Maron is "Robespierre's warm, natural, caring" while Claire's sexually liberated modernity stretched this reader's credibility. But Piercy rescues her from a mythology which has tended towards caricature (Marie Antoinette, Madame Defarge) and captures the gripping drama of the Terror.

George Kassimeris

Susanna Rustin

The brave new future of sex

Michael Thompson-Noel on implications arising from modern-day procreation

There is a lot of sex about. Always will be. Indeed, sex is likely to undergo delicious revolution in the not too distant future.

Regrettably, some of us will have departed for the great bedroom in the sky by the time cybersex, especially full-blown tele-dildos (work it out for yourself), becomes widely, let alone cheaply, available.

But if you are under 40 - better still, 10 - you could be in for a fun ride. Sexwise, as the rest of your life unfolds, always supposing you are interested. In which case, *Sex, Genes and All That* is a good place to start. It is not a manual, or an excursion into sex futurology. Instead, its subject is the human reproduction process, with all its possibilities, implications and controversies.

Anthony Smith covers everything from gender, impotence, homosexuality, sex appeal, Aids, pregnancy, embryology and fertility to contraception, abortion, population growth, human genetics, eugenics, the family and ageing.

And, because his book is subtitled *The New Facts of Life*, it also looks at suicide, euthanasia and death - the author maintaining that our decay and eventual disappearance from this planet are as much aspects of sex as the splendours of congress.

The book is compellingly well researched, briskly written, and stuffed with facts,

figures, anecdotes and case histories. As Smith says, the late-20th century is a period of upheaval in all aspects of sex. Yet all progress, he maintains, confuses the old simplicities.

"It is good," he writes, "that extremely premature babies do not die, but bad if they survive mentally impaired." It is good that previously infertile couples can conceive, but less satisfactory when they wish only for a certain result. "Surrogacy has obvious advantages for some, but is less appealing when the surrogate mother subsequently disputes the rights of those who gave the genes."

To help us chart the pathways to the brave new future of sex and procreation, Smith starts by examining maleness and female-

SEX, GENES AND ALL THAT
by Anthony Smith
Macmillan £20, 300 pages

ness. The directness (and, for some) helpfulness of his style and attitude are reflected in this observation under the subheading Ejaculation:

"[Male] orgasm, defined by Chambers as 'moderate excitement', is from the Greek for swelling. To many,

this single word does not properly convey the headlong, precipitate, triumphant and impetuous event that... was the start of every one of us, when perhaps two-fifths of 1bn sperm headed towards a single goal and one of them succeeded." (That is a nice use of the word triumphant, conveying, as it does, almost everything noble, sad and doomed about the male condition.)

Breast implants? They arise from "humanity's enthusiasm for alteration... and for breasts in particular." In 1955, the National Hospital for Aesthetic Plastic Surgery in Bromsgrove, England, was offering Amer-

ican women several nights in Cotswold inns, trips to York and Stratford-upon-Avon, and breast implants, in a novel travel package costing £3,888. This was because of legislative changes on both sides of the Atlantic.

Contraception? Spike Milligan, a not outstandingly funny British comedian, has maintained, quite humorously, that contraception should be used on all conceivable occasions. More recently, Roy Calne, a surgeon, writer and father of six, has argued that, unless the benefits of birth control are brought into balance in developing countries with those of death control

(ie, the fruits of medical science), wars, pestilence and starvation seem to be the most likely way in which population numbers will be controlled in future.

The future? Those who have sipped at the trough of sex futurology will find Smith's upturning a shade conservative. But then human sex and sexuality are such throbby subjects, with so many possible permutations, that Smith undoubtedly knows what he is doing in restricting himself to cautious forecasts and sidestepping highflown theorising.

One thing is for sure: more people in future will enjoy more and better sex, especially of the virtual, chemical and cyber varieties, than ever before. For billions, Major Tom, sex will be almost the only game on the planet.

With one foot in the past

The end of a century is an obvious time for a country to take stock. But not for Greece: so overloaded is the country with problems that it can hardly afford to sit back, reflect and debate.

The Greek economy is in a mess. Growth is very slow and the national debt remains colossal. Living standards are falling and unemployment refuses to decline. And, since the country cannot meet the Maas-

tricht deadline, the Greeks are beginning to fear that they will probably end up on the wrong level of a future two-tier Europe.

So, how did Greece arrive at all of this? *The Greek Paradox* is an impressive search for an answer to this question. The book is, in fact, a collection of essays origi-

nally delivered at a symposium on post-cold war Greece, held at Harvard University's John F. Kennedy School of Government. It is impeccably edited, the quality of the material is high and the chapters hold together well. Prominent scholars, diplomats and policymakers have been brought in - President Costis Stephanopoulos of Greece included - to confront the major issues and many sharp and useful insights are offered.

All of the book's 15 contributors accept that there is indeed "a modern Greek paradox". And "to suggest", declares co-editor Kalypso Nicolaidis over-diplomatically in her introduction, "that Greece's performance today does not match its promise should be understood as a call to arms, not a

cause for despair". This "modern Greek paradox" is not in fact a paradox at all. Nor is it modern. For Greece has been a country in a crisis of one kind or another (and mostly of its own making) almost since it won its independence from the Ottoman Turks back in the 1820s.

Fixing the past has always been more important in Greek political culture than establishing a clear order of national priorities for the future. Intellectually disabled by anachronistic notions of what modern Greece should become, successive Greek governments have sacrificed, decade after decade, the national well-being in pursuit of grand designs of national rebirth and full-scale arms races with Turkey.

The most recent and notable example of this persis-

tent ethnocentric obsession is the 1981-89 Papandreu period. From the day he came to power, Papandreu aggressively sought, through veto diplomacy in the EU and vendetta politics in the Balkans and the Aegean, to

THE GREEK PARADOX: PROMISE VS PERFORMANCE
edited by Graham T. Allison and Kalypso Nicolaidis
MIT Press £12.50, 182 pages

redefine Greece's sense of national identity and history and increase her status in the world. By the time the crusade was over the country was economically exhausted and internationally isolated.

This helps to explain why,

after 15 years in the Union, and despite having received more EU funds than any other partner since 1983, Greece remains its poorest, most marginal and economically under-developed member-state. Yet the editors and writers of *The Greek Paradox* are united in the belief that there is still time for Greece to change and become a modern and confident European state.

That may well be, but it will require, as Loukas Tsoukalis of the College of Europe in Bruges stresses in the most distinguished essay of this collection, an affected leadership, a near-monastic fiscal austerity and a coherent, long-term and dignified foreign policy. Can Greece take up the challenge?

Costas Simitis, the Social prime minister, who has

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Eight-year-old Kate, the narrow-eyed, exceptional novel by McPhee. "The day she landed on the moon, Julia was nine years old." A few months later, Kate's mother fell with Anton, packed daughters into the left New Jersey for orcia.

Kate's new life, her dad and siblings, are complicated. The affections between the members of this family are brilliant, refined and observed. Kate finds a new set of friends on the road. Intelligence runs in McPhee's elaborate child's relationship to past life, and her tale.

In the Grand Canyon gets lost, at the "Unconformity" where rocks of different ages leaving a gap of millions. She explains: "I thought I was stopped for him, that he was there on that day, the men landed on the moon. It was easier to imagine than to know his life moved ahead."

As *Bright Angel* rewrites the American theme of the journey, *The Country Life* is a story of the English governess, escaped from London to Stella, a woman employed by a family, his wife as companion, their disabled son, and a servant, she is

BRIGHT ANGEL
by Martha McKee
Fiction
McPhee

THE COUNTRY LIFE
by Rachel Cusk
Fiction
McPhee

LOVE OFFICE
by Helen Dunne
Fiction
McPhee

CITY OF DARKS
CITY OF LIGHT
by Marge Piercy
Fiction
McPhee

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The theme of the festival is "50 Glorious Years", a wander down memory lane with hits from past festivals. Verdi's *Macbeth* was the first opera performed at the festival, so it is back this year, with the Royal Opera, Covent Garden, appearing at Edinburgh for the first time since 1961. Unfortunately the planned fully staged production has been slimmed down to a concert performance, but a new ROH production of Rameau's *Placide*, directed by Edinburgh favourite Mark Morris, opens on Monday in the Festival Theatre and promises well.

Other highlights include an unusual version of Strauss's *Ariadne auf Naxos* from Scottish Opera, which goes back to the original and plays the opera as a divertimento inside Moliere's *Le Bourgeois Gentilhomme*; new works by choreographer Twyla Tharp plus visits from Netherlands Dans Theater III and from San Francisco Ballet; and new plays by young writers in a reclaimed venue, the Gateway studio theatre.

Among the other drama offerings are a rare revival of T.S. Eliot's *The Cocktail Party*, which received its world premiere at the 1948 Festival, and the Salzburg Festival

Given the disproportionate influence in Britain of that fraction of the population which opposes all outspokenness in the mass media - those who have fits of the vapours over Ken Loach's depiction of domestic violence in *Ladybird*, and foam at the mouth over Cronenberg's sexually explicit (but boring and inept) film *Crash* - it is encouraging to find Channel 4 still having the courage to

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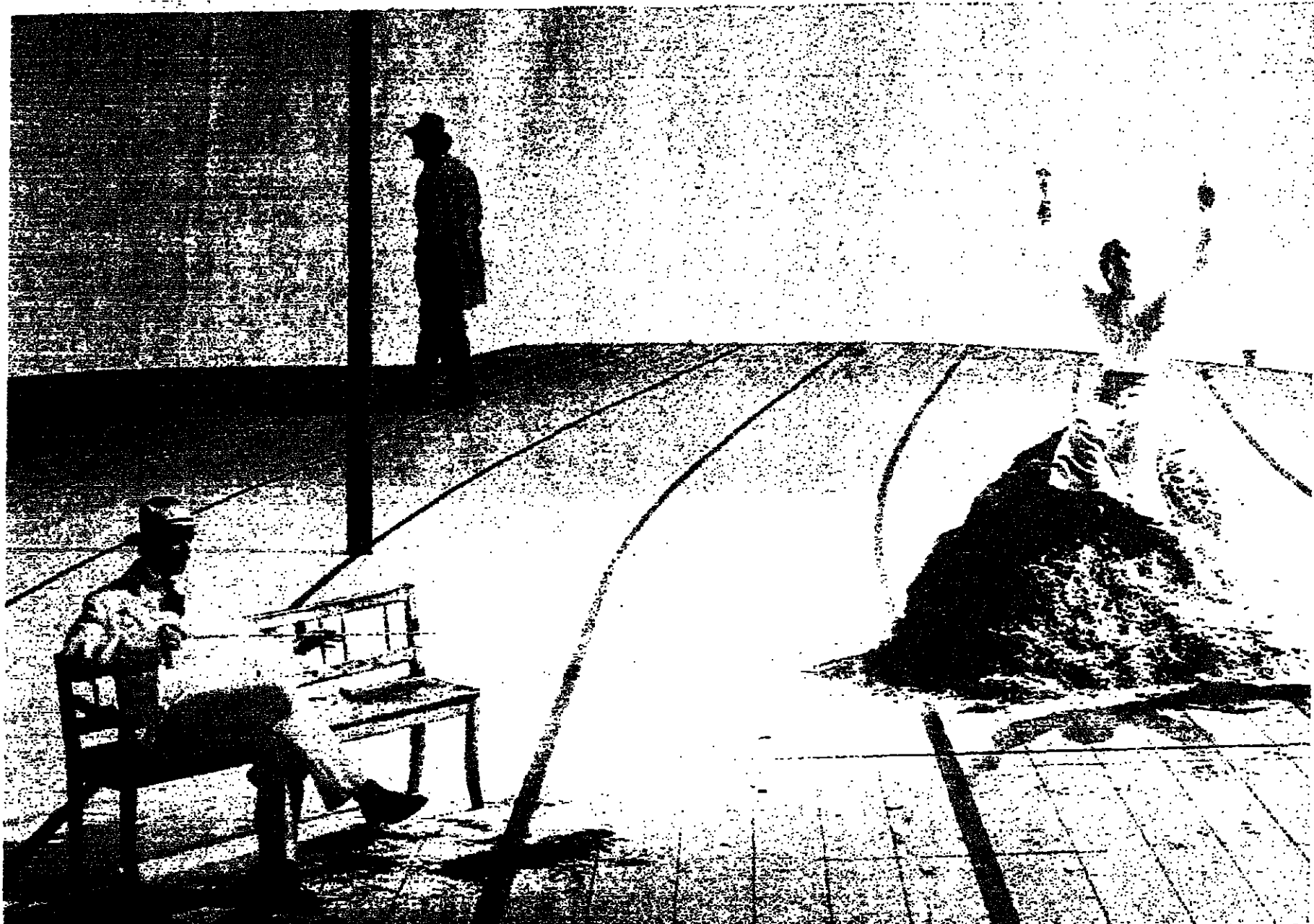
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Keeping the festival international: a scene from the Salzburg Festival production of 'The Cherry Orchard', directed by Peter Stein, which is one of the drama highlights this year

Edinburgh, where anything goes

Antony Thornecroft finds the official festival and the Fringe more in need of each other than ever after 50 years

Edinburgh the dour, the stony, the cold. Not in August it isn't. It may still be cold, but the streets are crammed with punters seeking a show and performance artists all too keen to give them one. And if the excitement of the highways and by-ways gets too intense, you can always creep away to a church hall or an abandoned abattoir to enjoy a student production in quiet solitude on the Fringe.

For in August the population of Scotland's capital doubles to 1m and the town, rather reluctantly, goes on *24*, becoming a backdrop to the world's largest cultural bunt.

The Edinburgh International Festival, which opens tomorrow evening at the Usher Hall with Pierre Boulez conducting the Gustav Mahler Jugendorchester, remains the formal centrepiece, celebrating this year its 50th birthday (as against last year when it made much of its 50th festival: it started in 1947).

But while the festival can boast 220 performances of 110 productions at a dozen venues, in range, impact, noise and, perhaps, importance, it is dwarfed by the Edinburgh Fringe, which knows no barriers and will be loosely responsible for 10,000 artists offloading 1,800 shows (average audience 40) at around 180 venues throughout the city. Anyone, with a minimum £100 a week to invest in a venue, and a floor to sleep on, can perform on the Fringe, and sometimes it does seem that anything goes.

Throw in the Jazz and Blues Festival, which ends tomorrow; the Book Festival, which opens today; the Film Festival, also starting tomorrow; the Military Tattoo, already up and running in the Castle courtyard; and the annual junket of the television world over the bank holiday weekend, and Edinburgh's appeal to arts groups in August remains unrivalled. And, of

course, if you are totally cured of culture, there is the enjoyment of the street theatre of one of Europe's most attractive cities seen in unusually exhilarating circumstances.

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production of *The Cherry Orchard*, directed by Peter Stein.

As usual the festival music is particularly strong, with an in-depth exposition of Bach's organ works, and performances from the Kirov Orchestra, the Rotterdam Philharmonic, and the Oslo Philharmonic, and appearances by Bryn Terfel, András Schiff, Yuri Bashmet, Steven Isserlis, Ian Bostridge, and many more.

It is said that the perennial bickering between festival director Brian McMaster and Timothy Clifford, director of the National Galleries of Scotland, means that the Edinburgh Festival ignores the visual arts. Local galleries do their bit and Clifford launches major exhibitions in early August - this year a Raeburn show at the Royal Scottish Academy is the highlight - but if these two powerful personalities pooled their talents the festival would gain an extra dimension.

The festival seems to have weathered the bout of criticism that rocked it a few years ago and now it is the turn of the Fringe to experience brickbats. The complaint is not that it is too large or too artistically hit-and-miss - that is in the nature of the beast: it is rather than it has sold out to Mammon.

The three main venues, the Assembly Rooms, the Gilded Ballon and the Pleasance, now account for almost 40 per cent of the tickets sold on the Fringe, often at prices nudging £10. They collectively market themselves, enjoy sponsorship, from Marborough Lites and Stella Artois, and book artists like any commercial entertainment complex.

By charging fairly stiff prices they must provide punters with a guaranteed level of entertainment, which means they are inclined to book experienced performers, the stars of the comedy circuit like Jo Brand, Frank Skinner, David Baddiel, and Lee & Herring, rather than take a flier on unknowns.

But the grip of comedy, especially that of the stand-up comedian, seems to be faltering. This year the Perrier judges, looking for the best original comedy act, need only inspect 140 contenders as against 203 last year. Audiences are bored with irony and surrealism and feminism; political comedy seems stone dead; a new trend awaits. It could be scripted comedy writing, and LWT has come up with a new £1,000 prize for the best comedy on the Fringe, real comedy with plots and characterisations.

Hilary Strong, director of the Fringe, is keen to foster more drama, and Christopher Richardson, who runs the Pleasance, agrees: he is feeding more plays on to his ten stages. Strong fears that the chances of a new, imaginative, unknown talent breaking in Edinburgh are lessened as it becomes a happy hunting ground for television producers seeking performers who are already professional enough to be offered TV contracts on the spot.

The arrival in Edinburgh of top TV managers for their annual shouting match at the George Hotel over the bank holiday turns the Fringe into a commercial comedy festival, with artists winking madly at executives desperate to sign up talent ahead of rivals.

The sad death last week of Lance Buckland, who ran the Southside, and other Fringe venues, is a great blow to the traditional Fringe. He was prepared to give young companies and performers a break, particularly in a new 20-seat venue with wonderful facilities, The Laboratory, where cutting-edge artists could triumph spectacularly - or fall flat on their faces.

There are, however, hopeful signs that the Fringe is regenerating itself, shaking off its obsession with comedy and TV gold. This year's most exciting development is the advent of the FLUX new music festival, which brings

together the experimental end of classical music and the thinking fringes of pop. FLUX happens at the Jaffa Cafe, a new venue in the shadow of the castle.

For most visitors, Edinburgh in August will look much as usual, with the drunks removed from the city centre to be replaced by students and schoolchildren attempting to lure passers by to their stalls, jugglers, acrobats, craft stalls, face painters, and Andean bands crowding the Mound; and the bagpipers swirling along Princes Street. There might, however, be one significant change: the City Council is having a blitzkrieg on fly-posting. The hope is that Fringe companies will prefer to spend their marketing budgets on advertising campaigns rather than fritter away up to £2,000 on plastering the city with posters that might be quickly removed.

But if Edinburgh this August looks set in aspic there are moves afoot which could change it for ever. Next year the Fringe will start a week earlier than the festival. In recent years the third week, after the bank holiday weekend, has started to fall flat, with 20 per cent fewer shows on offer. Last week, although the festival had not yet started, several Fringe companies "premiered" their shows.

The main festival, however, cannot move any earlier. Overseas arts companies disperse for holidays in early August and only make Edinburgh in the final week. The international contribution would shrink if the festival occupied the first three weeks of the month. But the festival and the Fringe need each other desperately, the one appealing to the older audience of high culture lovers; the other to younger more adventurous arts lovers, with splendid opportunities for cross-overs. It will be a sad day if this symbiotic relationship starts to fall apart.

Emma is epileptic but her obsession with becoming a singer and dancer puts her in the mould of the kids from *Fame*. "If I can't sing I don't want to be here," she says, and you know she means it. Archie and Tom have different problems. At Winchester Choir School and pre-public school they protest hotly against being called snobs. "Do I sound posh?" demanded Archie with all the child's terrible awareness of life's unfairness. Perhaps a little, but nicely so. Where once Archie might have got a job as a BBC announcer he lacks the adonoidal slovenliness which is today's requisite.

An item on foreign immigrants in Ireland in the *World Service's Europe Today* interestingly undermined the shock felt by a traditionally emigrant people when they find themselves hosts - not always willingly, to judge by a Cuban woman's experience of being made unwelcome.

But it was traditional Chinese xenophobia that was blithely, unconsciously illustrated in R4's *A View from Abroad* on Sunday. Taiwanese writer Lung Yingtai investigated London's Chinese population. Her voice is American, not the first of its accent to express exasperated bafflement that some cultures dare to be different. She resented the stability of the London Chinese, badgering them in search of cracks in their contentment.

An attractive and successful businesswoman who loved London and the English prompted the sour observation that attractive women are successful in any culture. The lonely student who expressed gratitude to 19th-century English rationalism, empiricism and liberalism was swept aside impatiently: "You can respect them but no-one can make you love them." Despite the serenity of the well-adjusted around her, Lung claimed that the gamblers in their murky Soho basement summed up the Chinese in London. She concluded that the Chinese add colour to our drab lives. Thank you, commissar.

Radio/Martin Hoyle

Cosying-up to the audience

The Radio 4 changes take effect in April so there is plenty of time for the news to sink in. Overall there seems to be less an attempt to dumb down than to turn the station into some sort of pofaced educational channel. Moreover, w ancientists already know those hour-long omnibus-type programmes of the sort that are to swallow up *Does He Take Sugar?*, *In Touch* and *Poetry Please!* They quickly turn into rag-bag jumbles: how infuriating it is sifting for the jewel amidst the dross.

Not that the notorious Jimmy Boyle is incapable of making the right noises in his attempted rehabilitation (cf Clive Horrobin). The advance press releases on *Round Britain Quiz* were a model of cosying-up to the R4 audience. There was the hint that Radio 4's controller was as upset at the conjectured disappearance of the beloved brain-teaser in its half-century as we were; and that its return was dear to his heart. And lo! it is back.

In place of two donnish question masters, benignly waxing occasionally acerbic over the pot (as I pictured it as a child), we have Nick Clarke - civilised, amiable, unlikely to startle us with sudden unprompted sallies into irrelevant fields of erudition. Given what we might have had, Clarke is a happy escape. But to judge by the first round, the dumbing down is discernible in the contestants, who displayed a lack of general culture previously found only in BBC employees in *The Heritage Quiz*. Lady Antonia Fraser strangely represented the Midlands. The chateleine of Campden Hill Square effortlessly suppressed her Black Country accent, appeared to confuse Paganini with Bach-mantov and both of them with Melvyn Bragg. The society beauty that the Edwardians would have called a dilettante in *belles lettres* fails to efface memories of Irene Thomas.

The continuing puzzle about the corporation's forgetfulness of its public service ideals has crowded some excellent R4 programmes off this page, their qualities in even sharper relief for the anxiety over what may come. Thursday's *Fresh Air* has been a heartening series consisting of the winning features in a competition for 11 to 15-year-olds. Passion, thoughtfulness and a stoicism beyond their years, from adversity bravely borne to reflections on adolescent friendship wanting, to the pain of one partner: the kids

are all right. I especially remember Adam who has Tourette's syndrome, described as a "yapping tic", prone to clicks and gulps and sudden screaming. Adam doesn't socialise much but has a cheerful, loving family. Despite early bullying and obvious disadvantages in everyday life he claims he would never change his condition: "It's me."

Emma is epileptic but her obsession with becoming a singer and dancer puts her in the mould of the kids from *Fame*. "If I can't sing I don't want to be here," she says, and you know she means it. Archie and Tom have different problems. At Winchester Choir School and pre-public school they protest hotly against being called snobs. "Do I sound posh?" demanded Archie with all the child's terrible awareness of life's unfairness. Perhaps a little, but nicely so. Where once Archie might have got a job as a BBC announcer he lacks the adonoidal slovenliness which is today's requisite.

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Television/Christopher Dunkley

Time for alternative views

run seasons such as "Renegade TV" which gets another three hours of screen-time tomorrow from 10.00 pm. Every country has its share of religious totalitarians, and the plain fearful, who oppose freedom of expression. But just why the British code them so much more inflexibly than any other western country is a puzzle. Every survey shows that most Britons are perfectly sensible on this matter: they call for more warnings, not for suppression, even of programmes of which they do not themselves approve.

No doubt many viewers will not want to see much of what is on offer tomorrow, and some - selflessly monitoring, Whitehouse-like, on our behalf - will foam at the mouth, especially over the language used by a couple of young women in *Groove On A Stanley Knife*. But if that is how they get their kicks... The point is that

practically everything on television is middlebrow, middle-class, middle-of-the-road: not for nothing is it called a "medium". Even more accurate is "mass medium". It is right that there should, somewhere, be an area for programmes which have less comfy ideas, styles and subjects, and Channel 4, which is commanded by statute to be different, is just the place.

Tomorrow's "Renegade" programmes are *Hard Drive*, which takes a sardonic look at the supposed wonders and benefits of the internet; *Two Fingers*, a profile of a Scottish father who believes we are being emasculated by feminist bureaucracy; *Keep It Real*, which gives voice to two graffiti "artists"; *Groove On A Stanley Knife*, with its two young women in a ruined public lavatory, discussing drugs and lesbianism; and *X Tripping 2*, about multifarious sexual tastes.

They vary enormously in length, professionalism, style, and degree of controversy, but you would certainly not expect to find them shown in peak hours on mainstream television.

The first, *Hard Drive*, is the most interesting. It is astonishing and a little disturbing how little dissent there has been from the chorus of praise and wonder which has greeted the personal computer and internet revolution. It has, of course, been an amazing phenomenon, but the unwillingness even to consider the downside (except among technophobes which is hardly the point) is worrying. Here is a programme with doubt in almost every phrase: "I needed to get away from the city to find out how to resist the machine... a thoroughgoing critique of technological society... somewhere out there people who understand the machine are using it against itself... more and more people stay with the machine all night and go click, click... it's the ultimate suburbanisation of life".

At least, I think that is what it is about. The ploy of it is that even in the 1990s, "alternative" programme-making all too often means incoherent programme-making. *Hard Drive*, which starts out talking about the US's notorious Unabomber, suddenly hares off on a trip to Mexico. Commissioning editors should impress upon renegade programme-makers that coherence is not a sin against the counter-culture, and clarity not a middle-class conspiracy. *Two Fingers* is clear enough: George McCauley, who can make his own bows and arrows, skin a rabbit, find sorrel, and spar with a professional boxer, believes we are becoming a

cissie society, hag-ridden by feminists, and incapable of holding up two fingers, like the English archers at Agincourt, in contempt for excessive authority.

The most interesting aspect of this is that the people at Channel 4 seem to feel McCauley's pronouncements to be as controversial and risky as *Groove On A Stanley Knife* with all its f and c words, or *X Tripping 2* with its frank - if surprisingly brief - approach to sex. It is hard to avoid the feeling that, while the two spray-painters of graffiti in *Keep It Real* and the foul mouthed girls in the lavatory are contained within this special season because they feature in programmes which are considered too extreme or obscure for normal consumption, McCauley has been put with them for the opposite reason: his argument is all too clear and coherent, but runs counter to the ethos of Channel 4 and the rest of British television. Indeed television represents the very pinnacle of the culture McCauley opposes. Admirable, then, that they should put it on at all, perhaps.

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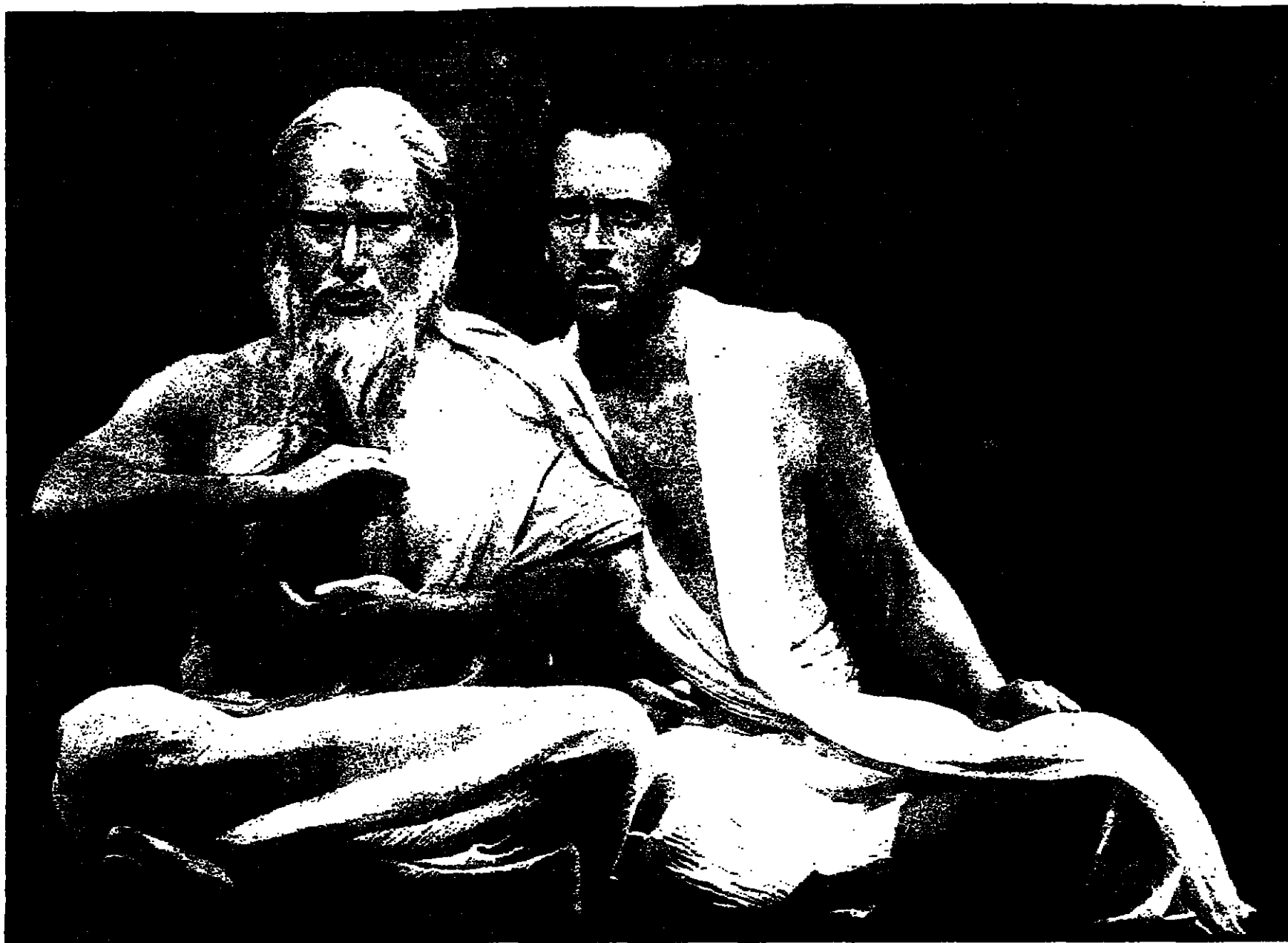
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ARTS



Spiritual journey from troubled fury to beatific acceptance: Paul Kreider as the Sage with Kurt Ollmann as King Ashoka in Peter Lieberman's festival commission, 'Ashoka's Dream'

A Buddhist tale at Santa Fé

Even monsoon conditions failed to dampen the audience's enthusiasm, reports David Murray

For 40 years now, the Santa Fé Opera has been delivering high-quality performances in the (almost) open air, from late June to late August. A certain rubric has been established. Five operas are played in each season, of which one will be by Richard Strauss, because Strauss is a specialty of their general director John Crosby, and another will be new – new to America, at least, and of late absolutely new.

That is a bold programme for a summer festival, but Crosby and his cohorts have made a great success of it year after year. The mountain-scape helps, of course; the audience faces what is usually a spectacular sunset, and whenever possible the first scene of an opera is left open at the back so that we may admire it before admiring the starry heavens later, when night falls.

Sometimes, what falls instead

is torrential mountain rain. There was much more of that than usual towards the end of July this year. Whole sections of the audience were drenched, but spirits generally undampened. A new auditorium with better protection will be ready for next season: still open at the sides, though, and it remains to be seen whether the occasional monsoons may still sweep through it.

This year's new opera was *Ashoka's Dream*, commissioned by Santa Fé from Peter Lieberman (libretto by Douglas Penick). Lieberman is not only a well-schooled, adventurous composer, but a devout Buddhist. Ashoka

was a legendary king who managed to unify India for a while in the third century B.C. Buddhists revere him for his "universal tolerance, generosity, compassion and non-aggression".

Though the events of his reign were often as gory as any ancient history, Lieberman represents them as stages along the King's way toward pacific enlightenment. The young Ashoka is fired with ambition and choked by anger, as the years pass, he subsides into saintly forgiveness and quietude. In short, he is to stand as an ethical model for us all.

This makes something less than a full-blooded operatic spectacle, despite Thomas Lynch's vast, imposing frieze across the mid-stage (with niches for the four Element-goddesses Air, Fire, Water and Earth, who give counsel from time to time). Lieberman's score is intended to reflect the King's spiritual journey from troubled fury to beatific acceptance, not so much the violent events that occur along the way.

Much less knotty and intricate than earlier Lieberman music, it reaches out to its audience with heartfelt expression. (A penchant

for low, dark-coloured instruments sounds slightly self-conscious here, when the orchestra is mostly used in conventional ways, conventionally balanced.) There is a lot of ritual chanting, too, and a few percussive eruptions.

By and large, however, the story is just told, rather than enacted; our sympathies remain politely detached. Kurt Ollmann sang Ashoka with intense feeling, and as his second wife Triaksha the mezzo Lorraine Hunt offered subtlety, depth and power – but in the context of what still seemed an exotic, antiquarian pageant.

Significantly, the music nearly always seems orchestra-led, not voice-led. The characters move solemnly through their predestined paces, and we try to draw such morals from them as we can. The conductor Richard Bradshaw and the director Stephen Wadsworth gave us as much help as they could.

I saw Santa Fé's *La Traviata* the night before, and curiously the effect was not so very different. We had a mellifluous young Alfredo (Raymond Very) whose interest was in moment-by-moment phrases, not in larger dramatic spans, and William Stone as a gruff, somewhat dry Germont père. Again we were watching an old story, carefully walked through.

The Violetta was Patricia Racette, who had a great success here last year as the sad heroine of *Emmeline*, Tobias Picker's new opera. As Verdi's heroine, she wielded most of the requisite virtues: all that we missed was – crucially! – a sense, just once in a while, that what she sang was being *wrenched* from her, by *force majeure*. Miss Racette was intelligent and exceedingly well prepared, but one wanted a bit more than that.

The Santa Fé season continues until August 23.

Opera – the real thing

Forget notions of dinosaurs or chainsaws, writes Simon Callow

To many people, the word opera still conjures up images of warbling Zepellins, elephantine figures bawling out "Nessun Dorma" or "Un Bel Di Vedremo"; or perhaps visions of three Mediterranean tenors of varying heights and sizes competing with each other for the highest C and the loudest applause.

At a more sophisticated level, it is widely understood that opera engenders – positively encourages – the wildest excesses of last-ditch theatrical avant-gardism. Opera has become the natural domain of those fossils of modernism and postmodernism, the tilted stage, the naked light-bulb, the ankle length leather coat, the orgy and the chainsaw – and all this in *La Bohème*. Opera is, as ever, nothing if not operatic: extreme, odd, unbelievable, larger, and several times siller, than real life.

It's too expensive, it's elitist, it's irrelevant. If it's not the toffs with their hampers at Glyndebourne and millionaire dilettantes rulling the roost at Covent Garden, it's a naked Lesley Garrett at the Coliseum, and the claque booing Pavarotti at La Scala for a cracked note or Richard Jones at the Royal Opera House for putting Wotan in a plastic jump-suit.

How has this cultural dinosaur survived into the age of the internet, and Virtual Reality? The extremities of operatic procedure are not without their charms, of course. In a time of cultural jitters, it is encouraging to see people prepared to push the boat out, to embrace a medium which is by its nature flamboyant and excessive, to encounter audacity and ambition in an artistic enterprise.

At the same time, it's clear that opera has been nudged by those notorious highwaymen of Art, Commercialism and Exhibitionism. Although I am as prone as the next opera-lover to grand and spectacular visions, I am committed to another possibility for this art-form which is altogether more exciting, more exacting, more enriching and infinitely more rare: they way of the human scale, centred on real people.

I first directed for Broomhill Opera two years ago, when I produced Puccini's *Il Trittico* for them: three very difficult one-act operas, with a young cast, a young orchestra and a young conductor. We didn't have much money and we didn't have long to rehearse, but we all sat down and evolved a way of realising this little-known masterpiece which was as true as possible to the musical story which the composer had painstakingly inscribed into his score, in which

every twist of the character's psychology was fully revealed.

We honoured Puccini by taking him seriously. In life, he was a difficult, rather cold man; but in his music, and in his sense of stagecraft, he transcended, or perhaps transfigured, himself. By applying ourselves with the greatest possible intensity to the work, and by striving to fulfil the demands of musical and dramatic drama, or drama over music, but treating each as the completion of the other – we attempted to tell the audience a musical story which communicated what Puccini was all about; not a gloss, or an embellishment, but the real thing.

The opera I am directing this year is the polar opposite of Puccini's late triptych: Rossini's youthful masterpiece *Il Turco in Italia*. The work is enchanting, written when he was 22, a year after *L'Italiana in Algeri*, and superior in every way. Funnier, deeper, musically more satisfying. Again, a group of talented young singers have explored what is unique about Rossini, what his special genius was, and attempted to discover the particular experience that the audience might get from him and no one else.

I have no doubt that opera is a medium of limitless appeal: the stories it tells and the way that they are told hits nerves in people of all ages and all classes. When I saw *Reut*, the hit New York grunge version of *La Bohème*, I noticed that the audience, predominantly under 20, apparently happily stupefied by the physical assault of the technologically magnified noise of the score, suddenly woke up when one of the characters played a few bars of Musetta's Act Two waltz-song. An extraordinary hush fell on the auditorium in the presence of a real tune, expressing real emotion.

Something similar happened in the rehearsals of *Il Turco in Italia*. To supplement my small chorus, I have hired six young actors, recent drama school graduates. They had never seen, much less listened to, opera before but when they first heard it at the sing-through their delight and amazement was palpable. There lurks a suspicion in the hearts of many that opera is too good for the likes of them. On the contrary, I believe that few people of whatever age or class fail to respond to opera if it is truly and wittily realised.

Broomhill Opera's *Il Turco in Italia* opens tomorrow at Christ's Hospital Theatre, Horsham, West Sussex, and runs until August 23 before transferring to Newcastle. Box office: 0181-300 1155.

The growth of the antiques bandwagon

Susan Moore on Britain's latest national pastime

Ikea's TV ads exhorted the great British public to chuck out its chintz. In this suburban fantasy, housewives liberated by a sight of the clean lines and simple shapes of Modernist design, tear off the fusty mantle of tradition and gleefully consign the contents of their cosy, cluttered homes to the skip.

Fantasy it is, for it seems that chintz and all that goes with it, is precisely what a growing proportion of the population actually wants. There has never been so much popular enthusiasm for the art and artefacts of the past – or so many goods changing hands in this adult game of pass the parcel. Antiques are now for everyone, not just the privileged few. Hunting them out has become a national pastime.

Anyone wanting proof need only switch on the TV or take a look at the nation's high streets. A plethora of shows and quizzes have risen in the wake of the good old *Antiques Roadshow* – *For Love or Money*, *Going for a Song*, *The Antiques Show*, *Collectors' Lot*, *The Great Antiques Hunt*... The *Roadshow* itself draws a colossal 14m viewers. Off its back the

BBC has launched *Homes & Antiques Magazine*, which claims a circulation of 170,000. It joins all those lifestyle glossies launched in the 1970s and '80s which promoted a taste for period homes and furnishings.

After the war, there was a handful of places in the country known for their antiques shops. Now there seems hardly a market town which does not boast at least one antiques centre or collectors' fair. Every week the pages of the *Antiques Trade Gazette* bulge with country-wide ads and listings of auctions, fairs and antiques centres. These centres, where traders join forces to ply their wares, offer not only antiques – objects over 100 years old – but what used to be known as bric-a-brac, junk or simply second-hand. Now they are "collectables" with the kind of price-tags that used to be attached to antiques.

Why does it all generate so much interest? It could be argued that nostalgia always goes hand in hand with economic recession, or that a taste for the "shabby chic" and eclectic clutter of the "English country house look" has simply passed down the social spectrum.

The main explanation for much of this new popular passion for antiques, I suspect, is cupidity. For this, the TV shows and the auction-houses must take the blame. Given all those much-publicised *Roadshow* discoveries and newspaper headlines proclaiming telephone-number prices achieved at auction, it is hardly surprising that most people believe that any old pot must be at

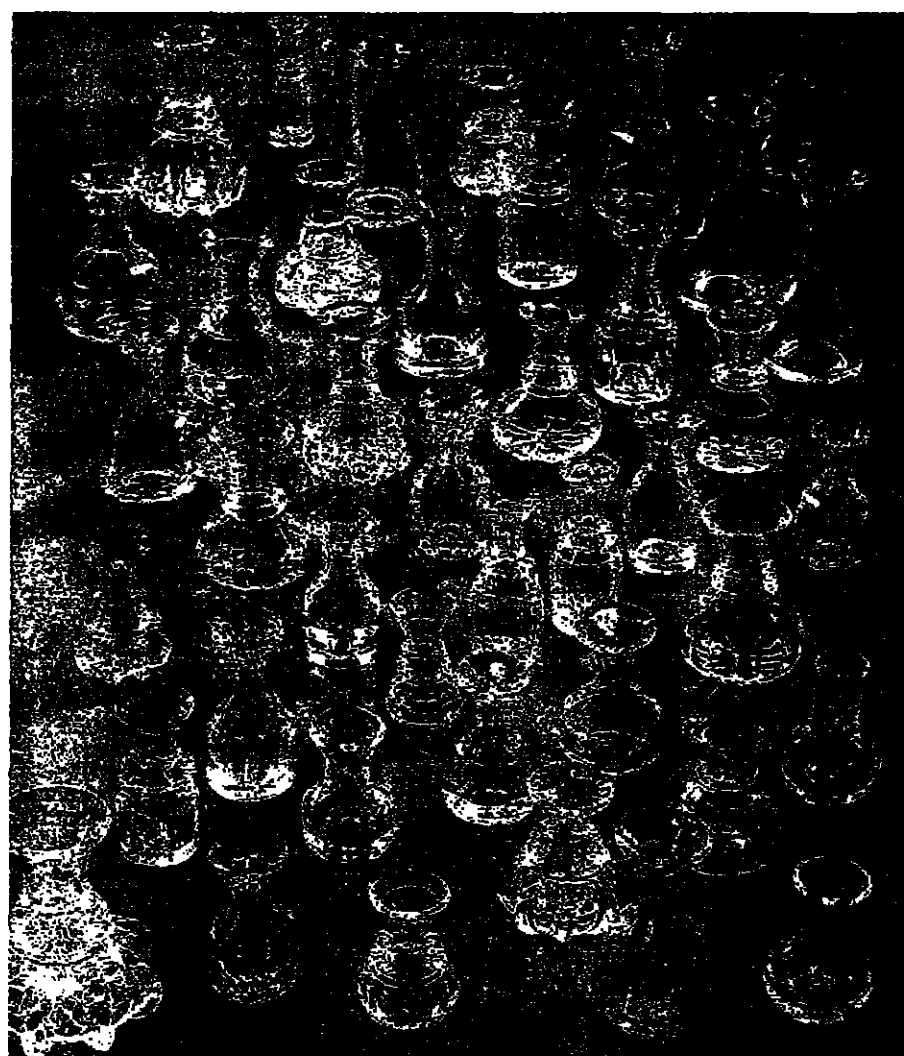
least Ming, and that sometime, somewhere they must find an unrecognised masterpiece that will make their fortune. For many, picking up something at a car boot sale, flea market, fair or auction is no different from taking a punt on the lottery.

We could almost smell the beeswax when the *Roadshow's* Arthur Negus lovingly caressed a piece of 18th-century furniture and enthused about how much pleasure it must have given its owners over the years. And Frank Davis enchanted the readers of *Country Life* with his selection from the salerooms which was based entirely on what he liked or admired, regardless of its value.

In the new TV shows, there is no sense of pleasure beyond the thrill of the chase. Connoisseurship exists only as a kind of one-upmanship used for outwitting a buyer or seller. Antiques are commodities for everyone to buy and sell at a profit. As demand rises and prices soar, there is now nothing that is valueless (even when it should be) and nothing that is not collectable.

This fever of speculation is shamelessly exploited by the mass-market fairs. The publicity for the current "Antiques for Everyone" fair at the National Exhibition Centre in Birmingham (until Sunday), which offers around 100,000 objects and lures some 25,000 visitors, breathlessly lists the "startling discoveries" of previous fairs, such as the Lalique car mascot languishing at the bottom of a box of "collectables". Bought for 250, it was later sold for £7,000.

Such is the public's appar-



A selection of 19th-century measures on the Caroline Kellie stand: genuine antiques at the first, and unashamedly populist, Great Antiques Fair at Earls Court, which opens next week

ent appetite for the kind of bonanza that offers everything from old postcards upwards, that P&O Events at Earls Court, which brings us such popular events as the Ideal Home Exhibition and the London Motor Show as well as the three antiques fairs at Olympia, is introducing yet another antiques fair into London's already crowded art and antiques calendar. Next Thursday, doors open at Earls Court 2 for the first and unashamedly populist Great Antiques Fair (until August 17).

Says P&O's deputy chairman Terry Golding: "other parts of the country have developed fairs with broader appeal and more affordable objects. We saw a gap in the market in London." Like the old Olympia and "Antiques for Everyone" in Birmingham, the "Great Antiques Fair" is a two-tier event. The "Chelsea" section is largely made up of the exhibitors at the established West London Antiques Fair which P&O acquired in January and which previously showed in Hall, "Fulham" is where one will find dealers from the better end of the antiques markets.

According to fair manager Linda Colban, "the fair promises to provide visitors with a superb mix of antiques and collectors' items for every conceivable taste and budget. We aim to present the ideal hunting ground for antiques aficionados from all walks of life." Woe is the punter left holding the parcel when the music stops. It may well end up in the skip after all.

Record Review/Garry Booth

Fleet 'n' funky improvisations

Keith Jarrett's solo concert at La Scala in 1995 was thought by one *savant* to be the most moving musical event to happen there in 25 years. Jarrett himself helpfully points this out in his CD's notes. Like other performances in the series, which started 22 years ago with the best-selling concert, Jarrett opens the emotional floodgates and sustains the tidal energy until he is satisfied that everyone present feels thoroughly wet. But the danger with these spontaneously conceived solo outings is that the content all too easily slips into sentimental ear-balm. Thirty minutes into *La Scala* (RCM 1640 537 288-2), and I was longing to hear the temperamental American in the confining company of his trio again, kicking some standards about.

Abdullah Ibrahim, the artist formerly known as Dollar Brand, is a less bombastic character than Jarrett, but like the American makes strongly affecting improvised music in different settings. His new release on Enja, *Cape Town Flowers* (888 826-2), is a trio recording and a welcome departure from the South African's sometimes over-indulgent solo work. In the place of meandering meditations, Ibrahim has opted here for concise and pungent set-pieces. No less sombre than recent solo work, the addition of a rhythm section has strengthened the African connection and sharpened the musical focus.

Herbie Hancock's *Fleet 'n' Funky Improv* turns up in the most surprising places – on hip-hop samples or above

heavy fusion grooves. His latest project, *1+1* (Verve 314 537 564-2), is a long-planned duet with saxophonist Wayne Shorter. The pair were key members of Miles Davis' 1960s quintet and have since been involved separately in more noise-some areas of jazz. This time, Shorter sticks to the soprano and produces a whimsical, pastoral tone; Hancock responds with the lightest, blue, washed touches. Neither party wanted a "toney or songey" set and instead worked off fragments of past ideas. That's a tough assignment for such a melodious thinker as Hancock, but it pays off wonderfully.

If Hancock's name has currency any place, 77-year-old Ruben Gonzalez's name has so far been restricted to Cuba. The veteran pianist was "rediscovered" last year by World Circuit's Nick Olf who was in Havana to record guitarist Ry Cooder. The old chap could not be dislodged from the Egremi studio piano (his own has been eaten by woodworm), and the *descarga* (jam session) he led between sessions so enchanted Gold that he set the tapes running – for two weeks. The result, *Introducing Ruben Gonzalez* (World Circuit WCD 049), is my album of the year so far. Although the numbers are mostly Cuban standards – *cha-cha-cha*, *danzon* and *guaracha* – Gonzalez's interpretation is all jazz. His piano lines teeter on top of the rhythm, drag behind it and tumble below. His phrasing is both deliberate yet unpredictable.

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How to Spend It

Fashion

Where have the French designers gone?

The labels may be Gallic, but the talent behind them is not. Vanessa Friedman asks why the locals are out of fashion in Paris

What has happened to the French fashion designers? The year that marks the 50th anniversary of that most venerable of Parisian style institutions - the house of Dior - has seen a second wave of foreign designers storming the bastions of several of them at the most influential of the couture and prêt-à-porter houses. This is not just a British thing. The huge publicity that surrounded the appointments of John Galiano (at Dior), Alexander McQueen (at Givenchy) and Stella McCartney (at Chloé) has made them the most notable members of the foreign legion. But, in their wake, has come a host of other invaders - Americans Marc Jacobs at Louis Vuitton, Narciso Rodriguez (after that wedding: dressing designed for Carolyn Bessette-Kennedy) at Loewe, while Belgian Martin Margiela is at Hermès and Singapore-born, London-trained Andrew Gn is being hired by Balmain.

The labels inside the clothes may be among the grandest in the pantheon of Gallic fashion, but the talent behind them is decidedly *outré-mer*. "The French designer is no longer chic," says Patrick McCarthy, executive vice-president and executive editor of *W and Women's Wear Daily*. Other than Jean-Paul Gaultier and Martine Sitbon, there are almost no new important native talents on the scene (and Gaultier and Sitbon are not so new).

The question is why. Is France no longer producing home-grown talent? Is this just a bizarre blip produced by another turn of the fashion wheel or is something deeper at work? The answer begins with a definition of exactly what constitutes a "French" designer.

"A designer is French because he works in France," says fashion historian Katell Le Bourhis, for many years personal assistant to Diana Vreeland, grand mistress of style. For Le Bourhis, it is not "made by France" but "made in France" that matters. Jacques Mouchet, president of the *Fédération de la Couture*, not surprisingly agrees. "We've never made any distinction between French designers and foreign designers. We don't think of Karl Lagerfeld as German," he says.

Lagerfeld himself would probably dispute this - in a recent magazine profile the designer happily claimed the title of "invader". It is also doubtful whether McQueen and McCartney consider themselves French - or Galiano, who has been working in Paris for about 10 years.



Alexander McQueen: British, but his work in Paris is very different from what he did back home



American Marc Jacobs, hired to ginger up Vuitton

Molyneux weren't natives; they were American, Basque and British, respectively. Even the father of couture, Charles Frederick Worth, who started it all when he opened his house in the 1850s, was not French but British. Paris is still where the money and the security is to be found in the fashion world. No matter how much acclaim Galiano and McQueen received in London, at times both were bankrupt and sleeping on friends' floors. It is also where the history is.

"Foreigners have always been drawn to Paris," says Joan Juliet Buck, editor of *French Vogue*. In the 1920s, the milieu was literary; the new wave of emigrants, the designers, also find the city of Dior and Chanel an artistic and philosophical haven.

"The work done here is different from the sort of work that would be produced in another city," says Le Bourhis. "Mrs Vreeland used to say, 'It is the sky of Paris, the light of Paris, that makes the difference, and it's true.' Indeed, McQueen's collection for Givenchy, shown in Paris, and the collection for his own label, shown in London, were markedly different. McCartney, perhaps acknowledging the wide expanse between her new home and her old, has closed down her own line. Still, it would be simplistic to explain the absence of contemporary young French designers by saying there have always been foreigners in France, and that being in France confers upon them an implicit national status.

chief executive of the Hermès Group, which looked at many designers for its ready-to-wear line before offering the post to Margiela. "We wanted to bring a new spirit to the line." "We looked for an understanding of what women will want to wear today and in 2000," says Mounir Mouffarige, president of Chloé, about the selection of Stella McCartney. The company considered 41 designers for the job of following in Lagerfeld's footsteps; of these, only five were French.

"Perhaps British talent has evolved more rapidly than French," says Buck. "The French system is not conducive to creativity. It's extremely hierarchical, revolves around doing things according to the rules, and implants these attitudes from a very young age. I went to a French school, and the best grade anyone could get was 18 out of 20. The message is that you're never good enough."

Couple that message with the lack, at least recently, of the national sense of possibility and excitement which can be stirred by economic growth, and the absence of an active group of young French designers is less of a puzzle. During most of the 1990s, France has been mired in what Buck terms "le crise". Le Bourhis calls "a bad mood" and economists call a serious recession.

"Fashion reflects society," says Le Bourhis, "and our society has been struggling with political and economic problems. Young people got tangled up in all the social upheaval." The highly structured framework supporting the French fashion industry also works against the emergence of a new class of home-grown designers. In the US and Britain, it is possible to graduate from art school, cobble together some backing and produce, by the skin of your teeth in a back room, a tiny show.

In Paris, the fashion houses are strictly controlled by the *Chambre Syndicale*, which lays down the path to becoming a designer - school, then years of anonymous apprenticeship - and the rules governing the creation of a new couture house. All of which is expensive and daunting for a newcomer. For example, to qualify as a couture house, you must employ at least 20 people in your atelier. Hussein Chalayan, one of Britain's hottest designers and considered for the Givenchy post, employs only a handful

in his London workshop. "It's a good system for training assistants, not designers, and it doesn't work any more," says McCarthy. It values tradition and reverence above innovation and creativity. "Ultimately," says Martin. "You need three things to create a local stable of talent: you need the infrastruc-

ture to support it, institutions disposed to creativity, and a popular culture that informs the designer." All of these ingredients have been, and still are, present in France, but the balance is out of kilter - too much structure, not enough institutional freedom, and a popular culture that seems more

interested in preserving the past than creating a vibrant present. There is also a discernible absence of that final ingredient essential to a design house's success: an understanding of marketing. It is marketing, in the codified form of advertising and the more quicksilver form of

shows, that generates the editorial coverage and designer profiles - the buzz. Marketing is part of the point when Alexander McQueen places a bewinged male model over the entrance to his first Givenchy show, or John Galiano agrees to speak to the Duchess of York for Hello.

"The Italians were the first to understand that advertising power translates into commercial power," says McCarthy. "The Americans followed, but the French are not entirely there yet." In part, this can be blamed on the success of the in-house perfume industry, which brought in such high revenues that much of the financial pressure for the houses and designers to stay afloat about the business of selling clothes simply wasn't there; and in part it can be blamed on the belief, long dear to Gallic hearts, that couture, and even prêt-à-porter, is art, and art should not be subservient to commerce.

In buying a young designer who doesn't have to overcome this belief, the houses are buying commercial as well as technical know-how. And they are kick-starting their own industry. "New blood is good," says Le Bourhis - and Loubier, Mouffarige, Dumas and Mouchet all agree. One of the concrete results of the foreign "invasion" is that the federation has realised that to preserve the prestige of couture it needs to rethink its requirements; fashion, after all, is a fluid industry.

The stays governing new couture houses are slowly being loosened. Two established ready-to-wear houses (Gaultier and Mugler) have been elevated to the ranks of couture "membres invités" by dint of creating made-to-measure garments for specific clients. The Italian houses of Valentino and Versace, as well as Russian Valentin Yudashkin, have been included among the couture ranks as "membres correspondants".

The recent elections have stirred the Parisian scene. The somnolent fashion industry is waking up. At the last couture shows, the media, after years of stories about "the death of Paris", sensed the rejuvenation and several declared the French capital once again the place to watch.



Britain's John Galiano, now at Dior, has worked in Paris for 10 years



The young Stella McCartney at her student show... now, not much older, she is at the helm at Chloé

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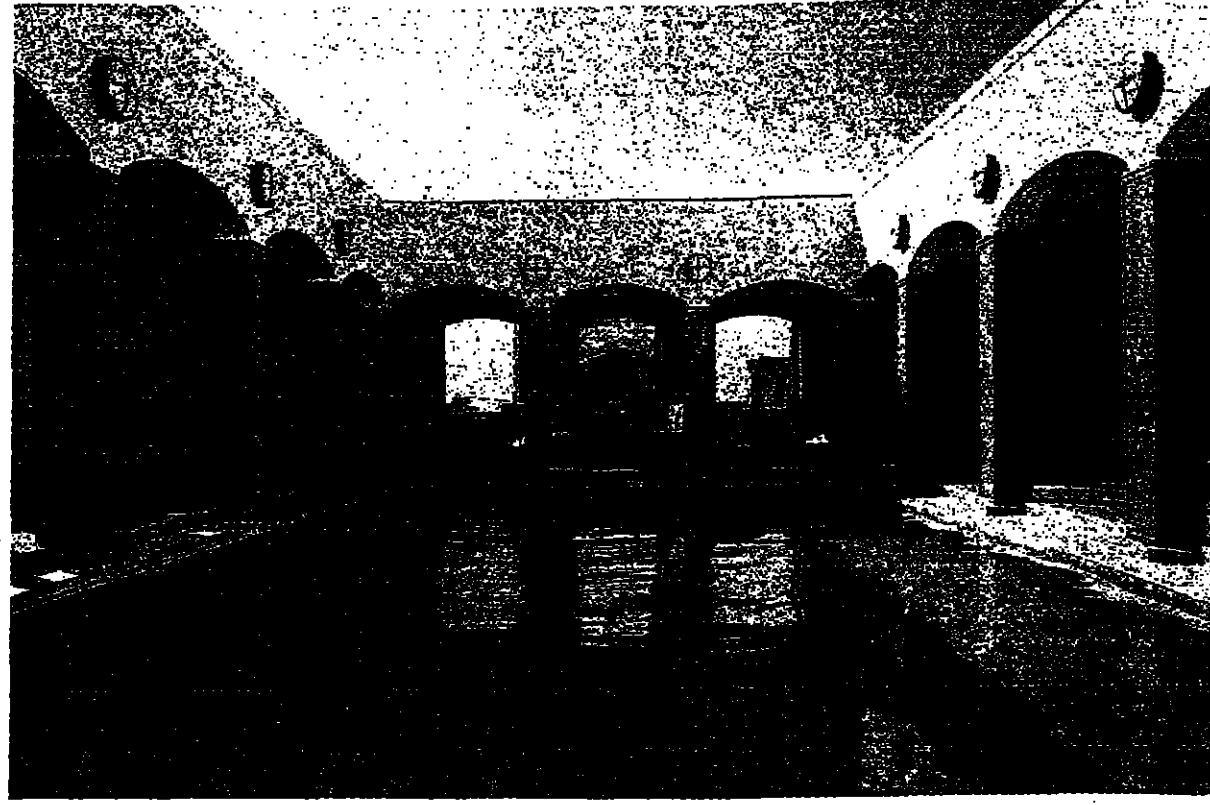
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HOW TO SPEND IT



Laura Gracey's tresses being tended to by Anthony Yacomine



Open to the sides: the pool at the Christian Dior Health Club and Spa at The Berkeley Hotel

How to purify your outer spirit

At the height of the summer holiday season, Lucia van der Post rethinks her ideas about the health spa and goes in search of the quick-fix detox

In the bad old days, when deprivation chic was all the rage (remember? we were just getting the hang of radical chic when it arrived), going to a health spa was an experience much akin to wearing a hair-shirt – all lemon-juice, self-discipline and early morning rising.

Much of the point was that self-denial was deemed to be just as good for one's inner being as it was for the waistline. I spent years avoiding spas on the grounds that I could perfectly well drink lemon-juice, toy with lettuce leaves and get up early in my own house. The money I saved, I reckoned, could much more enticingly be spent on champagne – who was it who said a happy smile was infinitely more attractive than what is commonly referred to these days as a washboard stomach?

But there comes a time when, even those with a life-long aversion to anything that smacks of the hair-shirt feel, desperate measures are called for, and maybe the health spa should be investigated, after all.

This usually happens just as summer arrives and the ghastly thought hits the deck that those limbs that have spent the last 11 months under wraps are about to be unveiled. It is immutable holiday law that the beach one finds oneself on has the thinnest, brownest lovelies, beside whom one's own less than thin, white limbs will not come off well.

The sort of people who have tidy drawers and whose luggage always matches will know it really is so much wiser to think of all this way, way back in the winter when a proper programme can be embarked upon – months of work-outs in the gym, serious detox programmes, weeks of living on 500 calories a day, that sort of thing.

But for the rest of us, who come to just as the airline tickets arrive, it's too late. Emergency measures are called for – which is where the new breed of day spas comes in handy. Once, a visit to a spa meant spending a minimum of a long weekend incarcerated in a country house filled with faux antiques, surrounded by fat people in towelling robes and crisp "nurses" ordering one on to weighing scales (eek!) and delivering lectures on cutting out everything that makes life worth living.

Forget all that – treat yourself to a day at a health spa or beauty salon. This is emergency time. No time to worry about the cost. What can they do for you? How To Spend It sent a few guinea pigs to find out.

LUCIA VAN DER POST, heading for a far-flung beach, wishes – so what's new? – that she had thinner thighs, longer legs and this washboard stomach all the fashion writers recommend when confronted by Gucci hipsters and see-through petticoats masquerading as proper frocks.

Elizabeth Arden's Red Door Hair and Beauty Spa, long a Mecca to the buffed and coiffed New York media set, has arrived in London in a big way – a shiny new salon in Davies Street, W1 promised all manner of solutions to the dire problems mortal flesh is heir to.

"Help," I said, "I want thinner thighs and a flatter stomach as fast as you can manage it." Unrealistic, I know, but they gave me a sample of what could be done had I just given them a fraction more notice.

"The anti-cellulite treatment, for instance, should, for optimum effect, be carried out three times a week for two weeks (ie a minimum of six treatments) so I had little choice but to opt for a salt glow body polish followed by the anti-cellulite treatment. The two blended smoothly, hypnotically into one and I'd be hard put to it to say where one stopped and the other began. Nothing like as abrasive as it sounds, the salt



There's nothing like the prospect of a beach for concentrating the mind on the deficiencies of the body. But help is at hand, whether it be the serious concerted efforts proffered by the health and beauty spas or the instant cosmetic help offered by Dermablend's Leg and Body Cover – for just £15.25, it is waterproof and guaranteed to cover up anything from a bruise to a spider vein

glow treatment seemed to consist of a gentle rubbing all over, followed by a shower, some gentle massage, and then by the laying on of some fishy-smelling green mud and the usual cocoon-like wrapping which spas believe in so ardently. Toxins, one learns, are the big bogies of the beauty world and releasing them is a process eminently to be desired and dedicatedly to be pursued.

"At the end of the day, the texture of the skin was undoubtedly deliciously smooth [but not a lot you can do to show this off in an office]. As for the thighs, I tried, really I did, but I couldn't see a mite of difference. But then I know I'm hard to please. It's back to the old camouflage trick and lots of clever play with a pareo."

■ **Elizabeth Arden Red Door Hair and Beauty Spa**, 29 Davies Street, Mayfair, London W1Y 1FN. Tel: 0171-629 4488. Six anti-cellulite treatments costs £235. The Salt Glow Body Polish is £30. There are lots of wonderful day packages for those who want some top-toe servicing – the Arden Spa Day, for instance, which includes a facial, a manicure, pedicure, shampoo, conditioner, haircut and finish as well as make-up, massages and salt, glacé body polish, lunch and drinks costs £180.

"If it was too late to do much about the size of the thighs I decided to try a bit of the illusionist's art – brown always looks thinner than white and what could be quicker and better than a tan applied before one sets off? So off to Fenwick's beauty salon where all manner of pre-holiday treatments are on offer.

"I went for the fake tan. After a body scrub [more exfoliating, yet another shower], the exotically pretty Elena applied the lotion carefully and thoroughly, as if it were a massage. Anyone who has ever tried to do this at home will remember a) the smell [like a dead rat], b) the impossibility of dealing with certain parts of the body and c) the orange streaks.

"With the delicious Elena, all these are a thing of the past. The smell has been all but eliminated and Elena's professional expertise makes sure the lotion is evenly applied. After four hours you have to go back for the second laying-on of the lotions – this time the colour is checked, any streaks [I had none] are eliminated by skilful patchwork

and the showers, frankly, were small, but nevertheless in my view it was the best instant pre-beach treatment around. And think of all the freedom it buys you – once you arrive, you are free to concentrate on other things knowing that whilst you may not be as thin as the next beauty on the beach you are at least as brown."

■ **The Regis Hair and Beauty Salon at Fenwick**, 63 New Bond Street, London W1. Tel: 0171-629 9181. Fake tan (two applications) £33. A package of eye-lash tinting, eye-brow tinting and shaping costs £23.

LAURA GRACEY, about to set off for the beaches of Brittany, had two beauty problems she hoped to address – a life-long nail-biter, her hands had long been her despair and her hair (long and potentially beautiful) was in poor condition and hadn't had a decent cut for months. We sent her off to Anthony Yacomine's George Street salon.

"I had never been to a beauty salon before and was desperately

'First the wax goes on, then the cling-film and finally one is wrapped, papoose-like, in blankets'

afraid that I was a lost cause and would be made to feel ignominiously unkempt. Nobody raised an eye-brow – they'd seen it all, and worse – before.

"Iris, the nail hygienist and manicurist, addressed the matter of my nails. Many nail-biters, she says, are too ashamed to ask for a manicure but they shouldn't be – a professional manicurist has seen it all and can do a lot to help. She suggested I have a pedicure as well.

"Have it all done the day before you leave, says Iris – pack first and make sure you wear open-toed shoes. If your nail varnish is allowed to dry properly, the colour should last for up to a month.

"First, she vigorously buffed away, removing dead skin from the soles of my feet. There fol-

lowed a foot massage, she cut and pushed back the cuticles and finally applied a vampish metallic blue (my choice). Some 30 per cent of her clients are men and there is a special range of colours for them.

"When it came to my hands, she massaged them, softened and pushed back the cuticles, filed them square [best for bitten nails] and again painted them metallic blue – which has the unforeseen advantage of stopping me from putting them anywhere near my mouth.

"Anthony Yacomine took on the problem of my hair. Thick, unmanageable and in poor condition though it was, he immediately knew what to do with it. He cut off an inch and a half of split ends, layered it slightly to give a softer effect and suggested a KMS protein treatment to help seal the tips and feed protein into the hair cuticle.

"Along the way I looked like an extra in a sci-fi film, plastic bags not being the most flattering head-gear, but I was beginning to discover there was more to a haircut than I'd envisaged. After the plastic bag treatment came the sylvan scalp massage – it stimulates the circulation and helps promote hair growth.

"Yacomine suggested I take some Phytoplage, a hair oil which protects against chlorine, salt water and the sun, and spray it on before throwing myself into the Atlantic.

"I'd always wondered why sane people seemed to throw mini-fortunes at hairdressers – now I know. For the first time in my life I've uncured my hands and will even lay them flat on a table. As for my hair, I'm sold. I'll be back."

■ **Anthony Yacomine**, 56 George Street, London W1. Tel: 0171-221 6444. Manicures from £15. Pedicures from £24. First cut and blow dry with Anthony Yacomine himself is £105, regular cuts are £70. KMS treatment, £25.

MARINA NEWLAND had a different problem – she'd already had her holiday and had come back with a beautiful tan but was keen to preserve it and keep her post-holiday sense of well-being. We sent her off to the Christian Dior Spa (the only one in Europe) at The Berkeley Hotel and then to try out the Aveda Urban Retreat in London's Harvey Nichols.

"Flashing my tan, I presented myself at the Christian Dior Spa at The Berkeley Hotel. The reception desk is much like any other, but the sun deck and pool are really something special – and so, it seems, are some of the clientele. This is real babe country.

"Round the pool [anyone hoping to train for the Olympics could certainly do some serious laps here] were some of London's shapeliest forms – this is a regular hang-out for Tara Palmer-Tomkinson and her "li" girl set. For those worried about feeling out of place, reassurance arrived later in the shape of some portly businessmen.

"I was here for the post-holiday treatment and Beverly, who was assigned to look after me, suggested a full body paraffin wax to draw out toxins [all that holiday claret] while re-moisturising the skin.

"First the wax goes on, then the cling-film and finally one is wrapped, papoose-like, in a couple of blankets. Off go the lights, on goes the Vivendi and you are left to doze in a sort of musical sweat-bath. A head massage is an optional extra. Twenty minutes later, after a shower and a quick moisturising rub down, I emerged, my tan still intact, much better moisturised and looking less dry and flaky.

'The treatment is very knowing, completely capitalist. It is aimed at Mainstream Man'

"Would I go back? The treatments made me feel good, and I guess my skin is smoother. But at hotel spas much depends on how many guests decide to use the facility on a given day. The pool is spectacular – particularly on sunny days, when the roof is retracted and you can swim looking at the sky."

■ **Christian Dior Health Club and Spa at The Berkeley Hotel**, Wilton Place, Knightsbridge, London SW1. Tel: 0171-325 6000. Opening hours: 6am-10pm, Monday to Friday; 8am-8pm weekends. Member-

ship entitles you to use the pool and the gym and joining fees start at £400, annual membership from £225. Daily membership costs £50 (book in advance). The rehydrating paraffin wax body treatment costs £40.

"Next it was off to Aveda's Urban Retreat at Harvey Nichols to see what it could offer for post-holiday blues. Newly opened and not quite finished, this salon's USP is nature, with everything from recyclable packaging, delicious scents and herbal teas underlining its eco-cred.

"Treatments range from ear-piercing to wet shaves for men, body wraps to perms, with the promise of hydrotherapy to come next month. For me, the Essential Facial seemed what my post-holiday mood required.

"Much more than a facial, it involved yet more cocoon-like wraps and once again I found myself lying prone and helpless as a baby. Unlike any other facial I've had, this seemed to concentrate on infiltrating oil into the skin. There was much fashionable health spa chat about hovering up the toxins from my lymph-glands, the benefits of exfoliation, which apparently allows the new skin to shine through, and mutterings about the evils of chemically based products.

"With the facial comes an eye zone wrap [two tea-soaked bags] accompanied by an ice-dipped finger massage [the best part of the whole procedure]. All in all, it took 90 minutes and was a good, pampering experience but not, I decided, the thing to have if you were going on somewhere glam afterwards – newly massaged hair looks flat and oily."

■ **Aveda at The Urban Retreat**, 4th Floor, Harvey Nichols, 109-125 Knightsbridge, London SW1. Tel: 0171-201 8610. Opening hours: 10am-9pm Monday to Friday, Saturday 8am-7pm, Sunday 12noon-6pm. The Essential Facial costs £70.

ROBERT THOMSON is going to slog through the summer, but wanted to look refreshed while he does it. He hoped to get a sheen on his skin and his nails into the sort of cultivated condition he'd always aspired to but never managed to achieve.

"There is a 'come in to my surgery' feel about the grooming studio. Sterile environment,

scrubbed floor and operating table in adjoining room with overhead lamp, white cloth overlay and a bundle of implements on the side table. I will have the local anaesthetic but, if very painful, you'd better give me the general.

"The modern man is familiar with the moisturiser and fragrantly fond of the over-tangy after-shave, but the serious, semi-scientific stuff, the expert exfoliation with masque and mud and mild scrub, needs a deep breath and a conversation with shaving mirror honesty about your blemishes and ever-lengthening lines.

"Dickins & Jones have a men's complexion confessional in the basement of their Regent Street store. When working up the courage to confess to post-pubescent blackheads, the London Underground rumbles reassuringly and the tick-a-box professionalism has a priestly quality. There is no shame in the speaking, only the guilt of remembering skin sins.

"On examining the lotions and potions, it is clear that the makers of modern cosmetics have consulted the Chinese Communist party for tips on titles; the party purification and rectification campaign is followed by a purge and the Sisley Botanical Floral Spray Mist.

"The treatment itself is very knowing and completely capitalist. It is aimed at Mainstream Man, he who moves cosmetics markets and does not walk around with tissue boxes on his feet nor have a Tiny Tim-like six-a-day shower obsession.

"But you must be purified, and for that there is the La Prairie Essential Purifying Gel. The art of the facial is the application. Even if you were actually having strawberry jam rubbed gently into your skin, the slow, meaningful fingers give the distinct impression of scientific benefit.

"After the gel comes the scrub, which has the feel of a very expensive muesli, but whose ingredients are far more exotic. The Karin Herzog Mid Scrub has powdered white marble and, as the material rests on your cheeks, you know how it is to be the Carrara-clad foyer of the European Bank for Reconstruction and Development.

"With each new application, there is a growing sense of obligation to be kind to your skin in future, to have only a single espresso and apply steaming towels each morning before shaving. A clean, dirtless dream world is easily conjured when eyes are closed over by Kanebo and the Princess Marcella Borgheese Fango Active Mud is just beginning to set.

"Fango Active Mud is different from most mud. It has a subtle fragrance and gently bites the skin on application, but settles down to do its silent work without the unpleasant crustiness of football field mud. With healthy helmet, plastered on head, the supreme challenge is staying awake, then, suddenly, that is made easier by the shuffling of hedge clippers and wrenches in preparation for the manicure.

"Nature or nurture, I'm not sure which, but I have a profound fear of other people cutting my fingernails. As a child, I increased the risk of flesh wounds by suddenly pulling my hand away during the maternal manicure. Having a mud pack blurs the memories a bit, as does the sure shot clipping of the salon professional.

"When the mask scales fell from my eyes, and the filling and oiling of the nails was complete, I became precious about my clean hands, and natty nails. I was, somehow, purer than when I walked into the room, and the thought of the grime of the Underground and the escalator rails touched by unmanicured hands troubled me. Shortly after, I walked back to the real world."

■ **Dickins & Jones** is at 294-344 Regent Street, London W1. Tel: 0171-784 9719. A facial and the men's grooming studio is £25 and a manicure £10.

هكذا من الأفضل

MOTOING

A look at the backside of life

Kieran Cooke forsakes the car for rail from Ireland's remote west to urban east

The man in the ticket booth at Westport station examines my credit card, carefully. He is not checking for theft. He just wants to know my name.

"There you are, Kieran," he says. "If you wouldn't mind signing there now."

I ask: "If I could have a timetable?"

"Of course you can. No trouble at all. Isn't that what we're here for?"

The words flow like water down a hillside.

With the help of new, EU-funded roads, the car journey from Westport on the west coast of Ireland to Dublin on the east coast takes about three hours. By train, it takes an hour longer.

No matter. Train trips are to be savoured, not rushed.

Outside the steamy carriage, it is cold and damp with drizzle the texture of the most delicate of sprays. "Not a bad day now," says

the man opposite, his tweed jacket steaming.

I participate in the conspiracy. "No, not bad at all." We look out of the window. The mist has descended. Cattle shelter under trees. A farmer stands by a fence in a long, black overcoat. It is early July.

The train stops at Castlebar. The guide book is dismissive. "The uninteresting county town of Mayo," it says. "Its ham, however, is worth tasting." The writer must have had a bad pint in this part of Ireland. Castlebar might not be everyone's idea of heaven but it does have its attractions.

There is a fine old hotel overlooking the green where women in platform shoes rush about serving platefuls of honest food. It is the town of Lord Lucan. Last St Patrick's day, Castlebar held a Lord Lucan and Princess Diana lookalike competition.

I have never tasted its ham. The weather expert opposite says that, on a good day, you can see one of the country's most magnificent sights from here - Croagh Patrick, Ireland's sacred mountain, rising "like a mighty heap of sugar" from the shores of the sea. But the mist is even lower now.

At one of the frequent stops, we pick up a few wet strays at a junction in the middle of fields. From trains, you see the backside of people's lives. The abandoned refrigerator and rusted pram in the overgrown back garden. The perilous looking DIY extension. The bottle of Harpic standing behind the frosted bathroom window.

It is a no-smoking carriage but there is a whiff of Wood-bines in the air. A shy friend made this journey and was

pursued by a chain smoker hungry to engage in conversation.

Wanting to escape fumes, the friend told a "I've only got one lung, know."

"Ah," said the man, trying to light up yet a "good health is the valuable thing anyone have."

In Co Mayo, the fields are small, the hedges are grown. We cross into Roscommon. There are no walls here, dividing the gently undulating landscape. Clonmore, Ballyvaughan, Castlebar, stations are neat and cold looking. The grey concrete buildings have a institutional look about them.

My mother left a Castlebar station to nursing in England in the 1930s. An uncle told me how he remembered the lonely

feeling washing over him. Eventually, all the family moved across the water.

The train has been sauntering along over boglands, meandering across fields. Once over the river Shannon at Athlone, it speeds up, as if sensing the faster pace of the world in the east of the country.

"Will you look at that now," says the weatherman. He points up at the blue sky. "Didn't I say the sun would be shining in Dublin?" He said no such thing but I nod.

There is some rushing and shouting. At many stations, the train is longer than the platform. An elderly woman has positioned herself in the wrong carriage and cannot get off. "Now I'll be gone all the way to Dublin, and my sister there on the platform waiting for me."

The ticket inspector offers her a rather soiled looking handkerchief, then thinks



better of it and suggests a consoling cup of tea instead. We go through Kildare and enter more prosperous country. There is none of the hazardous friendliness of the west here. Big fields with horses grazing. Estates full of chestnut and copper beech. A Georgian mansion

on a hill. It all looks a little smug.

The train pulls in to Heuston station in Dublin half an hour late. "It'll be sweltering here," says the weatherman. "Always is. A man is much better off in the west." He gives a bloodstained wink.

The traffic report on the

taxi radio talks of horses loose on the bypass and serious flooding outside O'Dwyer's pub. "And it's bumper to bumper along the quays."

The city is as jammed as a late-night bar. "You're much better off on the rails," says the taxi man.

Automotive Design

A man of rare style delivers the goods

Haig Simonian revisits an Italian independent who is flourishing

The first time I interviewed Giorgetto Giugiaro, in 1980, he was preoccupied with the relentless encroachment of the motor industry's bean counters and engineers on the stylist's artistic freedom.

Seven years - and at least 20 Giugiaro-penned prototypes and production cars - later, the constraints on the automotive designer, even the world's best-known one, remain his theme.

"Once, you used to deliver a series of completed sketches and designs to the customer," he says. "Today, designing a car involves much more co-ordination. Decision-making is no longer up to an individual but to a group which contributes all its expertise."

But Giugiaro, who learnt his trade in the styling centre at Fiat before establishing the Italdesign company with his partner, Aldo Mantovani, in 1988, is no artist-morose forced to bend his principles under commercial pressures.

Born in north-western Italy in 1938, Giugiaro's gift has been to combine a rare talent for design - Volkswagen's original Golf and a parking lot full of Fiats count among his fortes - with a keen business brain.

He might not like amending his designs to meet the brutish tastes of marketing men for wider doors or bigger tailgates. But Italdesign's survival - let alone its success - shows he can compromise when it counts.

Giugiaro recognises that the independent stylist might be turning into an endangered species as car

companies expand their own styling studios.

"In-house design has exploded," he says. "The internal design department has gained the importance the external specialist once had. It's the in-house designers who now decide whether to use an outsider or not."

"Once, internal design teams were small operations which styled a car every so often. Now, we're in competition with all the design studios of the world. Life has become 10 times harder."

The expansion of in-house design departments reflects the huge gamble a new model has become because of soaring costs for development plus marketing and advertising. Indeed, some big car companies, such as Volkswagen, have even set up satellite studios in places such as California or Japan to spot future trends.

The *salotto* at Italdesign might be as dingy, and the air-conditioning as ineffective, as ever but Giugiaro, unlike some rivals, has flourished. This week, European motoring journalists got behind the wheel of Dae-woo's new Lanos and Nubira

models. Next month comes the bigger Leganza. Two of the three are Giugiaro's handiwork.

"In theory, we shouldn't exist any longer," he says. "But we have some strengths."

The first is speed. Although in-house design has mushroomed, so has the workload as car-makers have moved into new niches to exploit pockets of demand. That has provided opportunities for nimble studios, such as Italdesign, to take on work from overstretched company stylists.

Speed also has been the selling point in netting new clients, such as Dae-woo. The hugely ambitious Korean car-maker is building a new range from scratch. Eventually, it will run to a minicar, two larger executive models and a multi-purpose vehicle, on top of the duo of new products on test this week.

Evidently, Italdesign's stylists have not gone hungry, in spite of the changing times. The maze of offices and workshops at company headquarters, in a drab industrial estate south-east of Turin, are buzzing with activity. So much so that an annex was recently built.

Part of the reason for the extra space was to provide more room for visiting clients, he explains. Another was to keep them well away from areas where they might see work being carried out for their rivals.

I know better than to ask Giugiaro about what he is working on next. Uncharacteristically, though, he volunteers the news that some business is coming out of China, although he declines

to say more. But, I ask, isn't the Chinese market sewn up already by VW, General Motors and the like?

Giugiaro counters with a hint. "If the Chinese wanted to give me the money, we could form a consortium with other specialists to develop a turnkey product," he says.

What might such a new car look like? Again, he is reluctant to comment. But Giugiaro appears entranced with "one-box" designs - whether small, such as Mercedes-Benz's revolutionary A-Class; medium-sized, such as the Renault Megane Scenic; or large, like a host of products spawned by Chrysler's Voyager and Renault's Espace.

"All these new vehicles reflect ideas put forward as concept cars in the past," he says. "Not all made it off the drawing board, as 'manufacturers sometimes lack the courage. We are anticipators, so it's natural for us. But for whoever needs to manufacture and sell, it's much more difficult.'"

For an "anticipator," he is surprisingly reluctant to forecast how cars will look in future. But two themes emerge.

The first is that there will be ever more segmentation, especially in recreational vehicles such as estate cars and sports utilities. The second is that the market for luxury multi-purpose vehicles - of whatever size - will explode.

"I think this is fundamental. The A-Class is already an answer," he says. The chances are that Giugiaro's signature will grace at least one.



Giorgetto Giugiaro: 'Now we're in competition with all the design studios of the world. Life has become 10 times harder'

Cars have become too reliable for their own good. They start at first flip of the key, run without temperance so long as we keep the tank filled, and see a service bay once a year.

So, many of us feel able to neglect them. Today's average motorist neither knows nor cares what goes on under the bonnet. Indeed, if they drive no more than 12,000 miles (20,000km) a year, many take it for granted that their cars will need no attention until their next annual service.

If a low oil pressure or high radiator temperature warning light comes on, do they stop to investigate? They do not. They congratulate themselves on having signed up for one of the breakdown services and carry on until the car comes to a steaming or grinding halt.

Driver attitudes have changed because the cars themselves are so different from what they were a generation ago. No one knows more about this than Car Care Plan, a Leeds-based organisation administering used-car warranties for manufacturers - among them Aston-Martin, Lagonda, BMW, Land Rover, Nissan, Opel, Porsche, Rover, Suzuki and Vauxhall.

When CCP celebrated its 21st anniversary recently, senior claims manager Alan Gould dipped into its archives. What he found points up the enormous differences between 1976 cars and their 1997 counterparts.

The average mid-1970s family saloon was a low technology product. (Remember the Morris Marina? It showed little

Your Car So different - in just 21 years

Technology and driver attitudes have changed greatly since 1976, says Stuart Marshall

change from a mid-1970s Morris Minor under its sheet metal. By 1997 standards, it was unreliable. It had a short life expectancy. Its engine did well to last for 60,000 miles (100,000km). Servicing was at 3,000-mile (5,000km) intervals (although there was an upside. Why it did need fixing, many of its components could be repaired cheaply).

Today, parts and labour cover on a quality, low-mileage used car can be as comprehensive as when a car was new, with no financial limit. Used car warranties can be bought for up to three years, with no ownership transfer restrictions.

Of course, consumer protectionism is a far cry from the 21 years ago. Motorists had low expectations of their legal and consumer rights," says Gould. "Now, they expect the very best levels of warranty cover."

Instruction booklets for cars of 21 years ago told owners to see if the battery needed topping up with distilled water, and to check tyre pressures every 10 weeks. Batteries are now-and-forget items. Tyres, alas, are not (although many motorists seem to jink otherwise).



The Ford Cortina was Britain's best-seller in the 1970s: the model seen here is an original 1965 Mk1

The day of reckoning often comes when the car is three years old and goes for its first MOT. Experience suggests that well over 500,000 cars will fail their MOT this month and next from simple tyre problems that could have been diagnosed earlier and put right in minutes.

According to the Vehicle Inspectorate's latest figures, tyre defects account for just under 10 per cent of all MOT failures. Commonest is excessive tread wear. A tyre

must have 1.6mm (one-sixth of an inch) depth of tread pattern all round its circumference.

Excess wear on one shoulder, due perhaps to wheel misalignment caused by kerbing, will make the tyre illegal. Poorly repaired punctures, sidewall cuts, splits and bulges will, too.

Some older motorists, who still cherish their cars instead of treating them as just another consumer durable, feel guilty about not

having to give them routine attention. To compensate for this officially approved neglect, they fill them with super grade unleaded fuel instead of the normal unleaded they were designed to run on.

Others are more practical. If their cars are used mainly for a succession of short journeys, they take them in for an oil and filter change halfway through the year, or specify that a fully synthetic oil, such as Mobil One

OW-40, is used at the annual service. Synthetic oils cost about £29 for four litres. But they are so fluid that they circulate through a cold engine almost instantly when it is started.

This shortens the period of maximum wear and tear. And tests have shown they can reduce fuel consumption by as much as 6 per cent.

The downside of the modern car is that even modestly priced, mass-produced models now have fuel injection, turbo-chargers, air-conditioning and airbags, anti-lock brakes and traction control systems. These are fine when they work but the cause of much (often expensive) grief when they go wrong.

Warranties have improved vastly. Three years with unlimited mileage is now not uncommon for new cars, with any unexpired portion transferable to a second owner.

Gould reckons that a typical 1976 used car warranty would horrify a 1997 motorist. It covered only the drive line, had a parts and labour limit of £100, lasted for just 12 months, and died if the car was sold on during that time.

Here's another high-tech problem. If your car has remote-controlled central locking, do not put the key in your swimming trunks for security rather than leave it with your clothes on the beach. Sea water and the batteries in electronic keys do not mix. The Automobile Association warns.

You will not be able to get back into the car and a replacement key fob might cost around £50. If you can produce a spare. If not, a new electronic control unit, with its own security signature and codes, could cost several hundred pounds.

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OUTDOORS



Carolyn Wofford, current world record holder, is aiming for Sidesaddle Rider of the Year this weekend

Equestrian sports

No longer a sideshow

Women riders are rediscovering the decorous appeal of sidesaddle riding, says Elizabeth Robinson

The thought of jumping a 5ft 7in fence while astride a horse would strike fear in the heart of the bravest of riders. Yet one woman has scaled that height – riding sidesaddle.

Carolyn Wofford of the UK holds the world record for sidesaddle jumping and this weekend, at the National Sidesaddle Championships held at the Three Counties Showground in Malvern, she will be aiming for the title of Sidesaddle Rider of the Year. With 178 entrants in 64 different sidesaddle classes, this show is the high point on the sidesaddle calendar.

The sport, which all but died out after the second world war, is going through a revival, says Ralph James of the Sidesaddle Association, the sport's governing body, which has 1,200 paid-up members and 120 qualified teachers throughout the UK.

The sidesaddle reached its height of popularity in the last century. It was designed not only with decorum in

mind, but in the belief that women were the weaker sex and unable to use their legs to control a horse as well as a man could.

With increasing female emancipation this century, women took to wearing breeches and riding astride like men. But the elegance of sidesaddle, and its dressing-up appeal, means an increasing number of women riders want to rediscover the habit.

However, the sport's growth will be limited until more sidesaddles can be found, says James. The craft of making them died after the second world war and association members scour country house sales and circulate lists of finds.

The 30lb sidesaddle must fit both the horse and the rider, which further limits its use. The association is approaching saddlers in an effort to revive an interest in making, or at least refurbishing, the saddles. Because of the shortage of sidesaddles, good ones can command prices of up to £1,000.

Sidesaddles are flatter than normal riding saddles

and have two horns on the nearside. The higher upright horn cradles the right leg, and the lower "leaping" horn secures the left leg above the knee while the left foot is in a stirrup.

Riding sidesaddle is more secure and comfortable than it looks. The rider sits well

Riding sidesaddle is more secure than it looks... at a trot, there is less jolting than when astride

down the horse's back to allow her right leg to cross over and use a stick in her right hand to give the horse commands on that side. At a trot, there is less jolting than when astride and no need to rise, while a canter is a similar gentle rocking motion.

Although perceived as a woman's activity, a handful of men have taken it up – essential if they want to teach it. After all, says James, grooms traditionally had to be able to ride sidesaddle in order to train horses for women.

The appeal of sidesaddle riding lies in its elegance, and certainly not its financial rewards. Unlike other equestrian sports, there is no professional circuit.

Carolyn Wofford relies on teaching and on clothing supplied by John Partridge, the country clothing retailer, but she faces having to sell her favourite horse to raise money to pursue her sport.

The association believes the sport will attract more money now its popularity is reviving. Part of its strategy is to raise sidesaddle's profile. It seems to be succeeding; at the Windsor Horse Trials earlier this summer, sidesaddle events were promoted to the main arena. "It's an eyecatcher at any show," says James.

Sidesaddle Association, tel: 01858-575300.



Both horse and rider are well-groomed

Fishing Hooked by misfortune

Tom Fort recounts the sorry tale of a week dry on luck

In analysing the events of one recent week I have tried to be aware of Wordsworth's dictum about emotion recollected in tranquillity. There's no shortage of emotion; but the tranquillity side of things is proving problematic.

It's the injustice of what happened which, even with the passing of time, causes the blood pressure to creep up. What did we do to deserve such treatment, I ask? And the answer comes back: nothing.

The week in question was the first of the Wimbledon championships. Remember its dominant theme? Rain. Buckets of it, all over the kingdom, apart from that part of Scotland which protrudes westwards on the north side of the Solway Firth.

It was to that protrusion we had gone to fish for salmon. While the rest of the country sloshed around in an abundance of the element essential for decent salmon angling, we contemplated a clear sky and a river wretchedly reduced.

You begin to get the thrust of my complaint. Had the whole land been panting in drought, we would have felt disappointed. As it was, we felt hand-picked for misfortune.

Of salmon caught in that week, there were none. Of salmon hooked, there was one, lost by our resident computer whizz. Of salmon risen but not hooked, there were two. In both cases the fly was jerked away before the creature's mouth could close on it, provoking such agonies of self-reproach on the part of the perpetrator that we could only feel sorry for him.

Occasionally – just often enough to keep the flame of hope flickering – a salmon was seen. These events came almost to equate with the capture of fish – "I saw one move in Sandy Hole. Nice fish, too."

"Lucky you. I haven't seen a damn thing all morning."

It is a revealing comment on our sport that we should have reassigned our ghillie – a vigorous and long-suffering Galloway ancient – from ghillie duties to finding us a pub with Sky TV on which we might watch the second British Lions/Springboks rugby union test match.

It was a sound move, as it turned out, for we caught as many salmon in the pub as we would have done on the river; and it was pleasant to see someone else, particularly men in green jerseys, suffer for a change.

The best of our fishing was in the river where it ran below a prison, an unusually agreeable place for society's outcasts to reflect on their misdeeds.

They would sit on the grassy bank by the pool, watching our fruitless failings, regaling us with tales of those more fortunate and accomplished than ourselves. Three times I heard the story of the brigadier and his 15 pounder, were I to encounter that military genius, I would kick him.

It would be unjust to claim the week was wholly fishless. The computer whizz caught a sea trout, which caused a sensation, and several pike. One of the ladies caught a pike. I caught two extremely small pike. But, much as I esteem pike, one does not travel to Scotland to fish for them. Nor do they adequately impersonate salmon.

Of greater interest, perhaps, were the leeches. For a grown man to be reduced to leech hunting will give some idea of how desperate things were. But at least he was successful, and a pair of fine specimens were displayed at the dinner table in a plastic envelope filled with water. They squirmed and writhed most divert-

Much as I esteem pike, they do not adequately impersonate salmon

ingly, although they disappointed by declining to attach themselves to volunteered human flesh.

There was some discussion as to whether leech hunting might replace salmon fishing. The creature is at least reliable in its presence. On the other hand, it is revolting and inedible; and since it feeds only twice a year, it would not be easy to devise a sporting way of pursuing it.

The curious thing about our week was how much fun we had, considering how deluded we were in our reason for being there. The lodge was as a lodge should be, rambling and welcoming, with a stuffed dog in the bootroom and marvellously wide, warm, mahogany lavatory seats. We ate superbly (thanks to our sweet and lovely Ulster cook), drank copiously without becoming drunk, talked much nonsense and a little sense.

As I write this, I have before me a group photograph, taken on the river bank by our leech hunter. There are no gleaming corpses on display, nor the triumphant grins of fish slayers. But unmistakably there is contentment in the air. The faces are happy, and tell the inspiring story of the resilience of the human spirit in the face of adversity.

Gardening Bordering on the provocative

Robin Lane Fox visits Hardwick Hall and praises the return of hot colour



This month, we all have a chance, at home or on holiday, to see how even in English gardening, nothing stands still. Twenty years ago, the fashion was all for ghostly gardens, pale in the fading twilight. Hot colour was under a cloud and the battle-cry for August was to fight against showing too much yellow. If I had told you then that my garden in August packed in orange marigolds, orange-brown calceolarias and flaming orange daisies, you would have proposed me for an award from Municipal Britain in Bloom.

The 1990s have seen a challenge to this fashion and a return to older styles which had begun to be forgotten. Marigolds, calceolarias and orange-flowered canas can now be seen in some of our most public plantings where they are the result of careful planning, not the mindless search for a riot.

Hot colour is back and I expect to see it creeping forwards in the calendar. When the FTSE Index began its present amazing run, a sharp young dealer told me there was nothing much to gardening as all you had to do was make the place look white and seem smelly. Characteristically, he was 10 years behind the times.

One of the public seats of this new emphasis is the garden round the great Elizabethan mansion of Hardwick Hall in Derbyshire.

Anyone travelling north up the M1 should make the brief side journey at exit 28 to see the changes round this architectural miracle. The stonework on the facade is now clean and free of its former coal-blackening. The borders around the huge front court have a different tone and deserve a keen gardener's close attention. Adapting the old rhyme, I used to think of Hardwick "More window than wall. No taste in the garden at all". It had been carefully planted in the National Trust style of the 1950s, in which stale colours had the upper hand. Despite the expertise of the planters, the effect was musty.

The 1990s have seen a bold change of emphasis, partly due to the eye and style of Tony Lord whose recent book, *Best Borders*, drew on his Hardwick experience and showed vivid colours in photographs which made me stop and wonder.

The summer light in Derbyshire is not so strong as in the south and I have always felt that the rich reds and yellows of a flower border look more natural from the north Midlands into

Scotland, a pastel revolution made little impact on most of Scotland, less there was a southern section by marriage into a meadow.

At Hardwick, we can see the arrangement of truly Scottish summer our further south and realise belated fashions were becoming.



The st provocative border is along the left-hand wall of the forecourt as you enter. The contents – graded in groupings from gentia, the ultimate no-go shade through scarlet, brown and pale leaves, vivid gold-yellow, browns and burnt orange to pale yellow and a concluding drift of civilised pale blue.

Initially, parts of the bed contain some of my sworn ene-

mies, but their combinations show how prejudiced our eyes had become and how their inter-planting can carry off a dramatic trick.

The purple-leaved *Rhus cotinus*, gold-striped grass and yellow-variegated *Dogwood* look spectacular at Hardwick on the turning-point between the vivid orange and gold and yellow sections. The penstemons are a brilliant red, making me think that what I once bought as *Firebird* was nothing of the sort. They are even more brilliant among tall scarlet *Crocus* and vivid *Tiger Lilies*.

Yes, there are even those orange calceolarias, but with a burnt-brown tinge which matches with no less of a horror brown-orange *Tagetes* and the purple flush in the leaves of the good yellow-flowered *Caulophila*.

The yellow daisies are magnificent, especially the tall clumps of the vivid orange *Inula Magnifica* which actually looks even better with me than with its surrounding plants at Hardwick. All the *Inulas* are good friends in high summer and the pastel lovers have banished them for far too long.

At Hardwick, the length of the borders and the magnificent backing of stonework posed a

special challenge. The groups of tall, arching grasses divide up the colour grading of the main planting and lead the eye down the border in a way I strongly recommend for such long plantings. The effect of the colour spectrum is better seen by looking down the border, not least when you emerge from the tea-rooms. The full frontal view is slightly less seductive.

I fear, though, that we risk replacing the old pastel fashion with another which is just as restricted. Some of our most important gardens have opted for colour planning which works by moving from a block of one tone to a near neighbour, first the gold, then the rich yellow, then the pale yellow, then the blue and so forth. In large, walled gardens, this style is not so contrived because visitors will tend to walk round the perimeter and pass from colour to colour as they travel round the rainbow.

In smaller gardens, I do not think it works. The Hardwick call for a return to brilliance is excellent in context, but it is not something to be copied slavishly in smaller gardens where mixing contrasting tones would work better. Good gardens, however, have never been made by mere imitation.

PROPERTY

Comforts of the car move into the home

But if you want air conditioning, you might need to lower your ceilings and install an industrial power supply. Anne Spackman explains

Looking out from the window of his office at Berkeley Homes, north London, Mark Chadwick can see six cars in the car park, all of them air conditioned.

If air conditioning is so important in a car, then why not in the home, too? It is only in the past 10 years that air conditioning has become a consideration in Britain. Five of the warmest years since records began in 1860 have come in this decade. Hottest of all was 1995, followed by 1980, 1981 and 1994. This summer's rain has done little to dampen the belief that warmer weather is here to stay.

With the heat have come two other factors to discourage people from the simple remedy of opening their windows: traffic pollution and crime.

Many of London's newest blocks of flats are on roads where the noise and the dirt from cars makes fresh air an impossibility. And whether they live in cities or in deep countryside, few households dare leave anything but inaccessible upstairs windows open when they are out.

Air conditioning may be the answer for cars, hotels and Marks and Spencer stores, but homes are more complicated. To install a system in an existing house, owners not only have to suffer the mess and disruption which comes with rewiring, they may also have to lower their ceilings and destroy their cornices to accommodate the internal units.

If they are in a conservation area, or their building is

listed, they may find it impossible to convince the authorities that the extractor units can be concealed. It is also expensive to buy, with each unit costing around £2,500, before fitting costs.

At the top of the London market such considerations are irrelevant, when compared to buyers' requirements for constant comfort. Demand for air conditioning has risen partly as a result of external factors, but also because many buyers, whether British or from

An American woman melted as she toured a number of London flats on a stiflingly hot day

overseas, move in a world where it is the norm.

If they are being asked to spend upwards of £500 a square foot for a new London home, air conditioning is one of the features they will look for, along with secure parking and a staffed entrance.

Clara Berry of Savills remembers watching an American woman melt as she toured a number of London flats on a stiflingly hot day. "Not only was she amazed we did not have air conditioning," she said, "she also could not understand that we only have about one

week a year when the weather is like that."

In prime central London, air conditioning is becoming an essential part of the luxury new development market, where developers are installing "air cooling", a subtle variant.

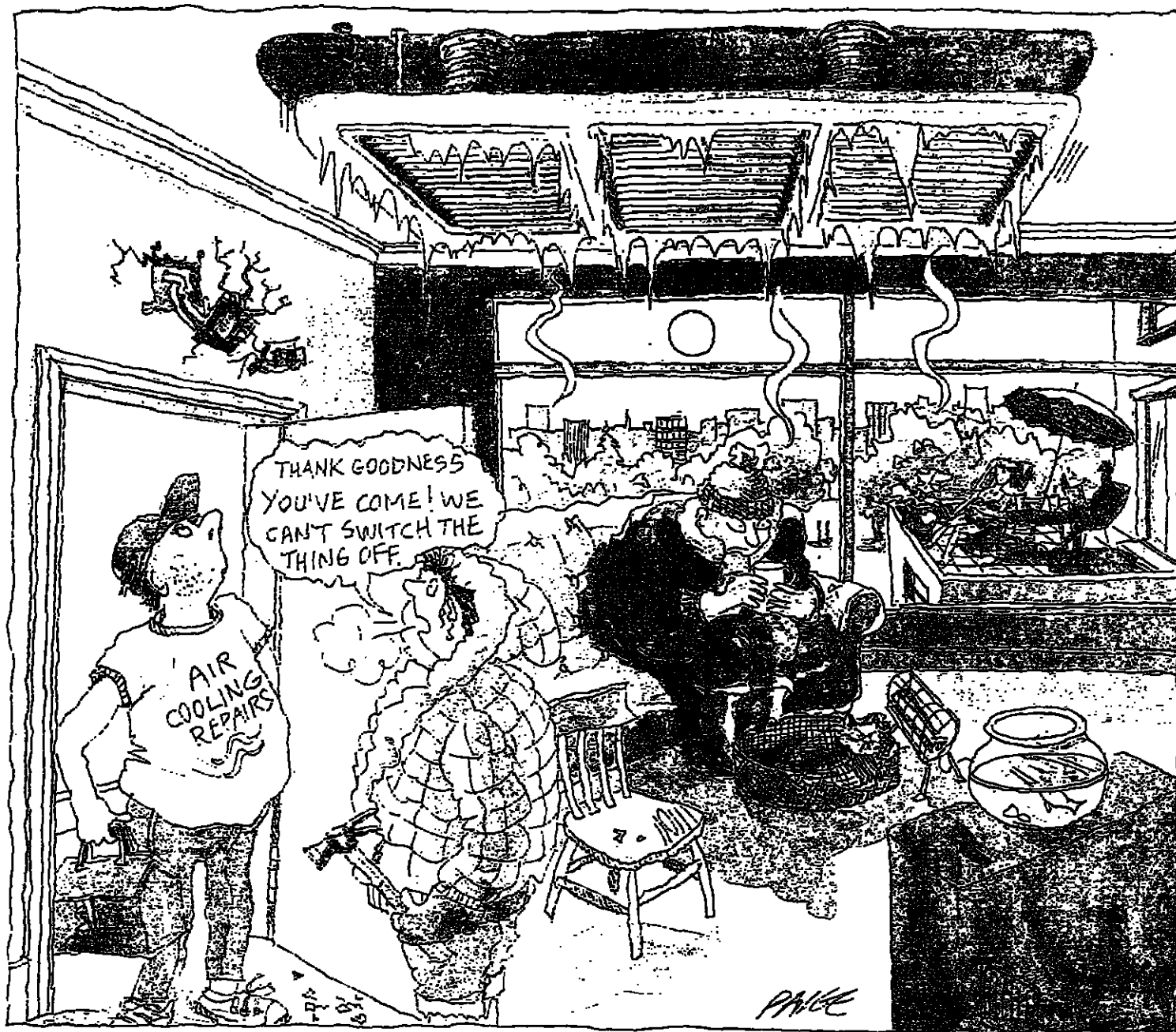
The difference between the two is that air cooling involves chilling and recirculating the air in the home, whereas air conditioning chills air from outside and also reduces its humidity.

Northover was one of the first London developers to put in air cooling. It was a feature of a large property the firm redeveloped at Trepanner Road in 1980, which was sold to the Thai government for nearly £2m. When it later redeveloped Observatory Gardens in Kensington, a quarter of the flats had air-cooling. In its latest scheme, The Bromptons in Chelsea, three-quarters of the homes will have it.

Installing and concealing it in a period building such as the old Brompton Hospital costs around £20,000 per flat. As in most conversions, the units are generally in the hallways or less used rooms, to avoid ruining the ceiling or window heights of the principal rooms.

Other developments which have installed air cooling include Chesham Place in Belgrave and Cambridge Gate in Regent's Park, where the developers are creating large flats, likely to sell strongly to families from overseas.

At Grosvenor Crescent Mews, a system has been installed in two of the properties, and cabling for air cooling is included in the



rest of the development.

John Hunter of Northover thinks air cooling will become an increasingly normal feature of central London homes. "It is now standard in a lot of cars. That's what is going to happen with houses in central London. In my view it will filter right down the market."

That is starting to happen already. Berkeley Homes has included air cooling in Marathon House, its office-to-residential conversion on the busy Euston Road. Mark Chadwick, sales director of its north London division, now considers it one of the

potential features in any central London development pitched at the upper end of its market.

"At Marathon House there were two reasons for doing it," he said. "At the top of the building we had four duplex penthouses, which had to have air cooling."

"When we looked at the rest of the building, which is basically clad in glass, facing south, on a busy road, we decided it was a sensible option throughout."

The flats at Marathon House sold for around £340 a square foot, with the penthouses breaking the £500 a

square foot barrier. Chadwick added: "Air cooling is something we see happening increasingly on London sites. We would do it again if we had another like Marathon."

Other developers believe air cooling will remain a rare luxury. Neil Powling, who has developed Cambridge Gate, points out that air-cooling seriously increases energy use and is therefore environmentally damaging. At Cambridge Gate he has had to upgrade the electricity supply to a commercial level in order to provide it.

"It is possible with new buildings to design them to be cooler. I think people will go for cooler materials and finishes and lower energy use, rather than air cooling," he said.

Goldcrest Homes has decided to install air cooling only in the penthouse of its latest development in Islington - and then with free-standing units rather than an in-built system.

Its market is mainly in the £100,000-£300,000 bracket. At that price it feels cooling problems are better handled by providing ventilation panels in windows frames, rather than expensive systems.

Of course, most of us do not live in new homes and few people would consider replacing their windows to install ventilation panels.

The most popular method for dealing with hot weather in recent years has been to buy portable fans or install ceiling fans.

Clara Berry of Savills suggests an even simpler, cheaper alternative. "We should do in London as they do in southern Europe," she says. "Close the curtains - or blinds or shutters - and keep the sun out that way."

LONDON PROPERTY

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Saturday, September 20

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For further information regarding the supplement or our regular weekly section, please contact:

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Weekend FT

TRAVEL



Plenty of bottles: Madagascar is trying to cash in on the tourist boom in neighbouring Mauritius and the Seychelles

A Madagascan mélange

Arnie Wilson is captivated by the antics of the lemur

As I strolled beneath a Jacaranda tree in glorious purple bloom, a big, battered Mitsubishi bus mounted the pavement and headed straight for me.

Was I about to become one of Madagascar's many threatened species, squashed with as little dignity as a mosquito?

I avoided the bus but it was a narrow escape. As most people there say, in Madagascar anything can happen. I simply did not have the local knowledge required: to be aware that buses always drive across that particular section of pavement to get to the stop in the lay-by in Antananarivo's Avenue de l'Indépendance.

You could spend decades of your life there without grasping the complex minutiae of the Malagasy existence. Like the vast island of which it is the capital Tana, to which Antananarivo is usually abbreviated, is a bewildering and beguiling mélange of cultures. It is almost as if several artists have painted a vignette on the same canvas, one on top of the other, without really covering up the previous scene. Thus, a colourful hotch-potch is forever threatening to break through the peeling paint.

The result is a microcosm of Africa, India, Bahrain and Chile. It has fearful poverty: only 20 countries in the world are poorer, and an estimated 1,500 people in the capital live off rubbish tips.

Apart from the 18 different "tribes" which make up its ethnic jigsaw - from Afro-Indonesian to Polynesian and Indo-Pakistani to Chinese - the strongest influence is French. Madagascar was a

French colony until its independence in 1960. It still has endless fleets of battered Citroën 2CVs and Renault 41s juddering uncertainly around the capital.

The otherwise decaying French colonial influence means that, in general, restaurants offer high standards of cuisine - not that many of the locals can afford to eat out.

Apart from the occasional couple of ancient French railway carriages hitched on to a goods train, the only regular passenger train is the most bizarre of contraptions - reputedly the world's only surviving operational Michelin autotrain.

This single, diesel-powered carriage, with 12 rubber-clad

The female swings through the branches, her young clinging to her

wheels, made its first experimental appearance on French railway tracks in 1937. It made its debut in Madagascar in 1952. The island once had two, but traded one with the tyre company - which wanted it as a museum exhibit - in exchange for 200 unused tyres to keep the surviving specimen going.

It resembles an ancient single-deck bus on rails, which is effectively what it is. Nineteen passengers, settled back in wickerwork chair-style seats in moderate comfort, can watch the varied Malagasy countryside drift by as the train picks up speed to reach occasional

bursts of 50mph. Even with a normal train, it would take forever to get anywhere in Madagascar: it is 1,000 miles long and almost as big as Texas.

We travel east towards the Perinet nature reserve, in the hope of seeing the indri, Madagascar's, and therefore the world's, largest lemur - the island has 95 per cent of the world's population. We scatter a steady stream of pedestrians, huddled into security by the infrequent service, using the track as a footpath.

While the road takes the deep valley floor, our Viko train climbs. We pass through unravaged forest and then fields laid waste by nomadic farmers who burn as they go, setting fire to the land according to ancient tradition. They clear it for agriculture only to move on two or three years later, leaving the land laid waste behind them. The process is illegal but almost impossible to police. In between are fields with trees backed down and smouldering charcoal ovens.

At Moramanga, the Clapham Junction of Madagascar, we pause to let a "mixt" train through: mainly goods trucks with two carriages hitched on to the end.

While we wait, we stroll through the village, with its inevitable market stalls, and are confronted by the stark contours of a disturbing memorial to Malagasy who died in a heart-breaking unsuccessful uprising in 1947, when as many as 80,000 are reputed to have been killed under the iron fist of colonial France.

This particular memorial (there are others around the island) is dedicated to villagers of Moramanga who were lined up and shot by the rail-

way station which we had just left for our cosy little tour. It was a sobering moment.

Later, at our destination, we stroll through the forest, and before too long, our guide has located what we have come all this way to see: high in the branches above us, is a woolly creature reminiscent of a small and slender panda, with two offspring curled around her. It is the famed indri.

The family perform an entrancing aerial ballet for us in the canopy of the jungle. First the female swings, Tarzan-like, through the high branches, her young clinging to her as she jumps. Then the babies put on their own show, swinging independently before leaping themselves: not to yet another branch, but back to their mother - one coiling round her neck, the other clinging to her stomach.

On the way back to a late lunch of fish (Tilapia) and chips, our morning is made complete by the haunting stent sound of the massed choir of local indri.

There is one more thrill in store: the discovery of a young Madagascar boia asleep in a hedge. It is coiled, at head-height, and even when our guide pulls the branches in which the snake is nestling down a little to give us a better view, the boia remains in steadfast slumber.

Back in our toy-town train and on our way home, our route was barred by a fire. The farmers were burning the fields again.

While the island's newly formed tourism ministry strives to protect the environment, and at the same time cash in, if it can, on the tourism boom in neighbouring Mauritius and the Sey-

chelles, the Malagasy living off the land still seem set on destroying it.

Visit this hauntingly beautiful country and its eclectic, captivating people soon. It may not survive in its present form for too long.

■ **Arnie Wilson flew to Antananarivo with Air Madagascar, Premier House 3 Bets Way, Crawley, West Sussex. RH10 2GB. The return (economy) flight costs £330 from Heathrow via Paris. For reservations call 01293-596665.**

Sidetracked in Umbria

John Falding joins the Orient Express

Fancy a night in a railway siding in Umbria followed by Sunday lunch staring at the platforms at Bologna station? The Venice Simplon Orient-Express, on its overnight run from Rome to Venice via Florence, should be just the ticket.

It will be a night of style and comfort in a compartment of rich veneers and burnished brass fittings: the lunch, in dining cars decorated with Lalique plaques or lacquered panels, will be exemplary.

The halts are unavoidable. Rome to Venice by rail normally takes under five hours: the Orient Express has to spin it out to 20. Also, one of the world's most fashionable trains must give way to scheduled inter-city services. The company is negotiating for improved slots for the excursions, which are available six times a year in both directions.

So this is no romantic journey. Rather, it is a nostalgic trip, a taste of what passed for high living in the 1920s and a glimpse, with an on-board crew of 40 attending 180 guests, of life before downsizing.

It is a piece of theatre requiring the usual suspension of belief. Northbound, the curtain goes up in Rome on Saturday evening at Ortiense station. The smart ones arrive dressed for dinner - wrestling with Armani or Versace in a small compartment is murder - and are first to the bar car.

This is plush and seductively lit. Everyone is playing their part in a refined party atmosphere as the pianist produces half-beat standards from the baby grand and the train pauses at Terni, Foligno and all stations north.

The restaurant can see off most static competition. Meals are cooked on board

but prepared in Rome at the Michelin-starred Hotel Eden restaurant. Southbound meals are from the kitchens of the Cipriani in Venice.

The bar stays open through the early hours, but it is best to head for your compartment after a quick nightcap. To maintain the pretence of being on a journey, you should be rocked to sleep before 1.30pm when the train slips into a siding.

Around dawn, it starts the run into Florence and you are supposed to wake with the swaying of the carriages and the car attendant delivering a continental breakfast. Bolt it down because the city tour starts at 8.30am prompt.

You are not at your best,

You walk out of St Lucia station to a thrilling glimpse of green water

but Florence probably is. Streets and squares are still relatively quiet as the four-hour whirlwind begins. The guide is efficient and accurate and she has a nice light touch, but your mind is soon spinning with the riches of the Renaissance and tales of the Medicis and the Rucellais.

Lunch ought to be accompanied by the Italian countryside rolling past the window, but the starter and the train arrive at Bologna at the same time. The 30-minute halt is a little disappointing but already you are savouring the tantalising journey into Venice.

After the slow expectant trundle across the Ponte della Libertà you walk out of St Lucia station to a thrilling glimpse of green water and, seconds later,

the splendour of the Grand Canal. It makes sense, particularly if this is your first visit, to take a water taxi to your hotel. Ideally, this will be the Cipriani. The paradox of this relaxed and discreet retreat of stars and statesmen is that it is the most remote of grand Venetian hotels, yet is as accessible as any.

Its three acres of gardens, tucked away on the tip of the island of Giudecca, include Venice's only tennis court and its only swimming pool, a heated 600 sq m extravaganza. All this, and only five minutes from St Mark's Square by the hotel's sleek wooden motor launches which operate on demand 24 hours a day.

Next month and October Italian Escapades (0181-748 2661) is offering two nights at the Cipriani, travel from Venice to Rome on the Orient-Express and two nights at the Hotel Eden in Rome for £1,508 per person sharing. Scheduled flights from London are included.

On the same weekends, Magic of Italy (0181-748 7575) is packaging flights, two nights in Rome, the north-bound VSOE trip and two nights at a three-star Venetian hotel for £1,035 per person sharing.

The Rome hotel is the cosy Raphael, once the home of disgraced former socialist prime minister Bettino Craxi, and one of the prettiest and most convenient in the city. It is just an alley away from the magnificent Piazza Navona. The roof terrace has spectacular views.

The packages represent good value for what, for most, will be a once-in-a-lifetime experience. Nearly half of Orient-Express passengers are celebrating a special occasion. Many probably put a little away each week towards a big anniversary or birthday a few years down the line.

Weekend FT

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Summer Shorts

How to bridge that gap

Waiting for A-level results concentrates the mind wonderfully - on teaching in Tibetan refugee camps, working in homes for the elderly in Goa, or just surfing in Vietnam.

The idea of a gap year - taking a year off before taking up a university place - is popular with students and the universities (which can plan their intake more accurately on the basis of confirmed results rather than predictions a year earlier).

Among the organisations which cater for people wanting a year off is World Challenge Expeditions (0181-961 1122), which five years ago set up a Gap Challenge programme. Work is available in 10 countries: teaching in Nepal or Tanzania, conservation in the Ecuadorian rainforest, or working in a Malawi safari centre are among the options.

"Tanzania, Nepal and

India are the most popular destinations for voluntary work," says Mark Fawcett of World Challenge.

"For people wanting paid work, hotels and lodges in Canada are the favourites.

"Places are available from September, but the most common time for leaving is January, after a few months' work at home to save money."

Campus Travel has set up a "gap year hotline" - 0171-881 5105 - to offer would-be travellers advice on where to go and what to do.

It has produced a top 10 list of suggested activities, including fruit-picking your way round the world (from grapes in France to kiwi fruit in New Zealand), kibbutzing in Israel, and scuba expeditions in the Philippines.

As well as booking any of these or other trips, Campus will put you in touch with other such organisations as TEFEL (Teaching English as a

Foreign Language). Bunac (British Universities North American Council) and Raleigh International.

The hotline will be open from 9am until noon, Monday to Friday, until September 14.

■ Learn a trade on a National Trust working holiday at one of its classy sites: charcoal-baking, dry-stone walling, cobble-laying, gardening. Make new friends, too: several marriages have resulted, says the Trust. Prices from £20 up. Brochure from 0691-617751.

■ Stay at the Westbury Hotel, on Madison Avenue in New York, on August 23 before the US Open, and tennis doubles players Todd Woodbridge and Mark Woodforde will give a special tennis clinic. Spanish star Arantxa Sanchez Vicario will be there, too. Thirty spaces only. Reservations on 001 212 535 2090.

■ Aborigines make up 23 per cent of Australia's Northern Territory population: a new brochure from the tourist commission (0181-944 2992) provides background reading as well as guides to museums, historic sites and art centres for visitors keen to expand their understanding.

■ A conservation code from Friends of Conservation provides information and advice for travellers to Africa - and it is free from 0171-559 4790.

■ Concorde is now flying to Barbados every Saturday until August 30, back Sundays. Call British Airways for details on 0345-222111.

■ The Cyprus Wine Festival is on for 10 days from August 27, in Limassol. Cyprian Holidays will get you there. Ring 0181-842 8103.

John Westbrooke

SPORT



All change for the new season: Karl-Heinz Riedle, Marc Overmars, Teddy Sheringham, Les Ferdinand and Paul Ince

Football

A summer of lost opportunity

Despite some expensive buying, the holes in top teams have not been plugged, argues Simon Kuper

It ought to be simple. A football manager has a whole season to see what is wrong with his team. Then he has the summer to buy players to plug the holes, and the whole world to find them in. And yet most of England's leading teams limp into the new season with the same problems with which they finished the last.

Manchester United last year had a marvellous side lacking only a good centre-forward. The club had millions to spend in the summer. Yet Alex Ferguson, the manager, did little more than sign Teddy Sheringham to replace Frenchman Eric Cantona in the spot behind the strikers.

Likewise, Liverpool last year had a pretty neat team, apart from a goalkeeper who had forgotten how to keep goal. Yet David James has

been allowed to start the new season. The club has bought wisely - Karl-Heinz Riedle at centre-forward, and Paul Ince as a bone-cruncher in midfield - but the Achilles heel remains.

Arsenal, the third and last contender for this year's title, improved through last season - but for two flaws. The best players were in the habit of getting sent off, leaving holes in the line-up, and Nigel Winterburn, the left-back, was no longer up to scratch. The club has signed Marc Overmars from Ajax Amsterdam, Gilles Grimandi and Emmanuel Petit from Monaco, and Luis Boamonte Pereira from Sporting Lisbon. But Winterburn, too, still staggers on.

The other title contenders, Newcastle United, turned their problem on its head. Last season the club had the best attack in the Premier

League and one of the worst defences. This season, under manager Kenny Dalglish, things could be the other way round. The attack has all but vanished: Les Ferdinand and David Ginola gone to Tottenham Hotspur; Alan Shearer out with injury for months; and Peter Beardsley, the fans' favourite only a year ago, is likely to be disposed of soon.

Newcastle's defence, on the other hand, could be almost adequate, with Stuart Pearce arriving from Nottingham Forest and Alessandro Pistone from Inter Milan.

So why have the best clubs in England bought so inefficiently this summer? One reason is that most of them don't know the best buys. As a rule of thumb, a good British player costs about four times as much as his equivalent from over-

seas. Tottenham's chairman Alan Sugar was appalled to have to spend £5m on the 30-year-old England player Ferdinand. "Over my dead body will we pay £5m for 30-year-olds," he had said.

Most Premiership clubs have piled the cheap foreigners high. But many have bought the wrong ones. Riedle, a good buy, was easy to spot because he had appeared on television in May scoring two goals in the Champions League final. Liverpool and Newcastle fought to sign him.

However, as soon as Dalglish lost the battle, he resigned himself to starting the season without a goal-scoring centre-forward. He had too little money to spend to find one in England, and going outside would have been a gamble.

Similarly, Ferguson at Manchester United is wary

of buying abroad. The foreign players most often seen on British television - the likes of Patrick Kluivert and Ronaldo - tend to choose Italy over England. So last year, Ferguson went one rung lower and bought Karel Poborsky and Jordi Cruyff from overseas.

Both had stuck in his mind. Poborsky for his strange long hair and his lobbed goal in Euro 96; Jordi because he was the son of the great Johan Cruyff. Both failed in Manchester. As we kick off today, it remains true that Ferguson's best foreign signing - Cantona - came from Leeds United.

The chase for Middlesbrough's Italian striker Fabrizio Ravanelli showed how little English managers know about the world across the sea. The player's wages of £40,000 a week last season were the highest in the Premiership, because Boro's manager Bryan Robson ignored market rates.

There are a dozen better forwards than Ravanelli in Europe, most of them younger than he, and all of them cheaper. But British clubs have little idea who they are, and therefore tried en masse to sign the familiar Ravanelli. Howard Kendall, the Everton manager, said: "Since his arrival in this country 12 months ago he has proved himself a top quality footballer." In fact, Ravanelli had proved that fact 15 months earlier with Juventus in Italy, when he helped them win the country's league title and the Champions League.

Ravanelli turned down Everton: he was not going to

make the mistake of signing for a bad team twice. He felt for a spoof message on his mobile phone which said that Liverpool would meet his unlikely wage demands. They did not and he remains with Middlesbrough.

Together with Arsène Wenger at Arsenal, Ruud Gullit at Chelsea is the manager in England who knows the Continent best. He has used his knowledge this summer.

Chelsea look the most improved side going into the new season, far stronger in depth than last year. Ed de Goey has come from Feyenoord, the Uruguayan Gustavo Poyet from Real Zaragoza, Tore Andre Flo from Brann Bergen in Norway, Bernard Lambourde from Bordeaux, and the Nigerian Celestine Babayaro from Aderlecht. The five of them together cost £6.3m, less than Aston Villa spent on the erratic striker Stan Collymore.

Derby County deserve an honourable mention. For a total of just £550,000, the relatively hard-up club acquired Stefano Eranio, the AC Milan full-back, and Francesco Balzano, a striker from Fiorentina. Eranio has played 20 times for Italy and is still only 30 years old. You might call him a smart purchase, except that Derby paid nothing for him.

Many consider the foreign influx an evil. Some have suggested there should be a law to stop it. In fact, it is simply a triumph of the European spirit. It is getting harder to argue that the British are anti-European now that half their heroes are Dutchmen, Italians, Germans and Norwegians.

It's a bet-bet situation

Michael Thompson: I hear you have been lurking by the fax machine, Simon, waiting for the bookmakers to send you data on the European, planetary and Milky Way soccer scenes. We will come to them in a minute. But let us start with the English Premiership.

Myself, I think Manchester United are rotten value at their present 6-4. [Odds quoted here are the best available among the UK's Big Three bookmaking firms, Ladbrokes, William Hill and Coral.] I like Arsenal for the title at 9-2 and Spurs each-way - meaning top three places - at 40-1.

Simon Kuper: Inevitably, you have made straight for the glitziest and worst-value bet: Arsenal. I'm afraid there's no money to be made on who is going to win the Premiership. Man United are rotten value indeed. Otherwise, only Arsenal and Liverpool can be champions, but they are poor value, too.

So smart people will look for other bets - especially each-way. Spurs, at 40-1 for the title, will yield a quarter of those odds if they finish in the top three. Not bad. But you could do better.

MT-N: I take it we agree Newcastle aren't going anywhere this season. How about Chelsea, at 12-1? I abhor them, but you and Ruud Gullit are that close.

SK: Outsiders like Chelsea don't win the league any more. They'll play 25 good games, but Man United will play 35. Ruud is with me on that. However, any old pub team can come third. In the last seven years Nottingham Forest, Norwich City, Sheffield Wednesday and Crystal Palace have done so. I

think I've told you before, Michael, about the importance of history.

So the way to make money is to bet each-way on rank outsiders. Wimbledon each-way at 150-1 are enticing, as are Sheffield Wednesday (100-1) and Aston Villa (20-1). Barnsley (1,000-1) are also worth a punt. If one of them comes good, you are laughing.

MT-N: I like a laugh. But let us move along. I believe you have spotted some opportunities beyond England's shores...

SK: Sporting Index, the UK spread betting firm, is suggesting that Ajax will finish the Dutch season with between 64 and 66 points. But Ajax will do better, so I'm buying them at that spread, and will make money for every point they gain over 66. The same firm is offering Real Madrid at 73-75 points for the season - an obvious sell.

MT-N: Spread betting is a tricky business, for some one like you. Wouldn't it be to see you losing your drabs and drabs too quickly? But I'm still waiting for your ace proposition. I've won a lot of money on golf, tennis and racing this summer; I want to parlay it into an even bigger sum.

SK: I have a bet so good that even you might be able to make money on it. It is a spread bet, but don't worry. Call City Index. Sporting's rival City Index thinks Middlesbrough will win the English first division with between 75% and 78 points.

They will do no such thing, so sell Middlesbrough, staking perhaps £50 a point. If they finish the year with about 60 points, as I suspect they will, you should make enough to erase all your losses for the season.

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Athletics / Peter Aspden

A rewarding experience

Another major sporting contest, another occasion for hand-wringing: yet more tirades against the creeping commercialism and professionalisation which are becoming more conspicuous by the year. Yet this year's Athletics World Championship in Athens, predictably replete with appeals to nostalgia over lost ideals, provides the perfect opportunity to dismantle a few of those pernicious myths.

Take the case of Michael Johnson, the American 400 metres sprinter, who was controversially awarded a wild card to compete in Athens after he was forced to miss the US trials through injury. The president of the International Amateur Athletic Federation, Primo Nebiolo, was heavily criticised for his last-minute bending of the rules to ensure that Johnson was able to defend his title.

Nebiolo was acting with the cynicism which prevails in modern sport, said his critics. Johnson compounded the perceived offence when he duly won his race on Tuesday with a frighteningly functional run, before immodestly waving a Superman shirt to the crowd during his lap of honour.

Few realise, however, that one of the most romantic figures in sporting history also benefitted from some strikingly similar diplomatic moves on his behalf.

The Greek runner Spyridon Louis was the first winner of the Olympic Marathon in the inaugural modern Games held in Athens in 1896. We are seldom allowed to forget Louis's triumph in the build-up to this weekend's marathons, run over the same gruelling course, from the village of Marathon to the Panathinaikon stadium in the Greek capital.

That is partly out of patriotism, but also because he was a genuinely fascinating figure, a 25-year-old peasant who made a meagre living helping his father sell barrels of water in Athens. (After his victory, Louis held on to his day job, selling all his gifts to buy himself a horse and cart.)

But Louis nearly missed the starting line-up; he had finished 17th in what was effectively a Greek trial to send the nation's 16 strongest runners to the Olympics. Only some table-thumping in a selection committee meeting enabled him to compete at all. Like Johnson, he proved worthy.

So beware all talk of a golden age of sport. Not to labour the point, but even the very origin of the marathon - the run by the Athenian messenger Pheidippides to announce his army's victory over the Persians in the battle of Marathon in 490 BC, before dying in the arms of his fellow citizens - is tainted. Pheidippides and his like were *mercenaries*, professionals, and thus highly rewarded, runners for their armies. The espousal of the amateur ideal, as invented by Victorian Britain, would not have impressed them.

Enough of the pious talk then: the concerns of money and politics have always wielded influence on the sporting fields. That is not to deny, however, that one of the most fascinating spectator sports of the last week has been to watch the bickering between Nebiolo and the local organisers of the championship.

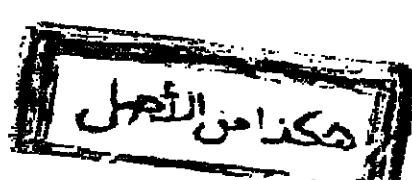
Athens and Rome are two of the favourites to host the 2004 Olympic Games. Since the winning city is due to be announced next month, tensions are running high. Nebiolo is Italian; the Greeks are sensitive. So far, the organisation of the Championship has been excellent, but the organisers were undeniably embarrassed by the smallness of the crowds at the stadium early in the week. An angry Nebiolo told the organising committee to round up spec-

tators from the streets of Athens using a megaphone if necessary. Greeks only used such methods to sell water melons, snapped back the general director of Athens '97, Evangelos Savranis. By Tuesday, to the relief of the Greek camp, the stadium was nearly full.

In sporting terms, a vague if unjustified air of anti-climax pervades. Johnson's 400 metres run and Ivan Pedroso's long-jump triumph were the nearest one can come to perfunctory gold medals; the long anticipated 100 metres duel between Donovan Bailey and Ato Boldon were hijacked by the young American newcomer Maurice Greene, who failed to break what is considered an attainable world record on a fast track; outstanding athletes such as Jan Zalusky, Sonia O'Sullivan and Svetlana Masterkova have disappointed.

But in the deeply religious Greece, and his equally likeable 21-year-old compatriot Marion Jones, who swept to a determined yet technically crude victory in the women's 100 metres, we have seen two personalities who will surely achieve great things in their event over the next decade.

The new generation of victors rightly has few comparisons about being materially rewarded for their excellence. It is all part of the classical tradition, after all.



INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITIONS
Van Gogh Museum
 Tel: 31-20-570 5200
 Second of four summer exhibitions of drawings by Van Gogh. This time it is the turn of the works produced when the artist lived in Nuenen, 1883-1885. The exhibition is shown in two parts, with a changeover on Aug 16; to Oct 12

BOHN

EXHIBITIONS
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
 Tel: 49-228-917 1236
 Sigmar Polke's subtitled "The Three Lies of Painting", this show includes some 180 loans documenting Polke's work from 1982 to the present, and will transfer to Berlin's Hamburger station for that building's opening; to Oct 12

BRECON

JAZZ
Brecon Jazz Tel: 44-1874-625557
 The best thing about this three-day event is its Welsh market town setting. Tonight New Orleans trumpeter Nicholas Payton and his Gumbo Nouveau Quintet can be seen at Christ College. Tomorrow the Carnegie Hall Jazz Band, led by Jon Faddis, is at the Market Hall. Courtney Pine, Diana Krall, Django Bates and Jools Holland are among the numerous other attractions; to Aug 10

DROTTHINGHOLM

OPERA
Drottningholms Slottsteater
 Tel: 46-8-4570800
 Orfeo, Swedish premiere of Luigi Rossi's 1647 version of the legend of Orpheus. The producer is Jack Edwards, the musical directors Stephen Stubbs and Paul O'Dette, the designer Robin Linklater and the choreographer Lucy Graham; Aug 9, 12, 14

EDINBURGH

Edinburgh International Festival
 Tel: 44-131-473 2000
CONCERTS
 ● Bach Organ Works: organist Peter Hurford plays a series of 15 concerts. The performances are Tuesdays to Saturdays at 5.45pm. On Thursdays he is joined by singers of the Dunedin Consort; Greyfriars Kirke; Aug 12-30
 ● Archive Recordings: as part of the Festival's 50th birthday celebrations, the Music Performance Research Centre at the Barbican Library has loaned a selection of archive recordings of concerts given during the early years of the Festival, which can be heard Mondays to Saturdays at the Queen's Hall. Tickets cost £2, most recordings last 45 minutes and begin at 2.15pm (1.30 on Sat); Aug 11-30

DANCE

● Fish: by the Bangarra Dance Theatre. UK debut for the Australian company and world premiere of a work which tells contemporary stories of Australia's indigenous population drawing on ancient myths and sacred dreamings; at the King's Theatre; Aug 12, 13, 14
 ● Theop: new works by Twyla Tharp: Sweet Fields, danced to Shaker hymns and other American choral music; "66", and Heroes, with music by Philip Glass; at the Edinburgh Playhouse; Aug 11, 12, 13
 ● Végétal: Ballet Atlantique Régine Chopinot. Collaboration between choreographer Chopinot and artist Andy Goldsworthy to music by Knud Viktor, in a tribute to movement and the natural world; at the Edinburgh Playhouse; Aug 15

OPERA

● Macbeth: by Giuseppe Verdi (original 1847 version): concert performance given by the Chorus and Orchestra of the Royal Opera House, conducted by Edward Downes. Anthony Michaels-Moore and Georgina Lukacs are Macbeth and Lady Macbeth, replaced by Bruno Caproni and Christine Bunnell on 18th; at the Edinburgh Festival Theatre; Aug 12, 15
 ● Plátée: by Jean-Philippe Rameau: Directed and choreographed by Mark Morris. With the Mark Morris Dance Group, Royal Opera Chorus and Orchestra of the Royal Opera House. Conducted by Nicholas McGegan; Edinburgh Festival Theatre; Aug 11, 13, 14

THEATRE

Measure for Measure: by Shakespeare. Directed by or Stéphane Braunschweig. Unlike *The Winter's Tale*, which was Braunschweig's French language contribution to the 1994 Festival, this production, staged by the Nottingham Playhouse, is in English; at the Royal Lyceum Theatre; Aug 11-26

EXHIBITIONS

National Gallery of Scotland
 Tel: 44-131-624 6200
 The Portrait of a Lady: Sargent and Lady Agnew. "Lady Agnew of Lochnaw" by John Singer Sargent (1856-1925) is the centrepiece of this exhibition which includes more than 20 portraits by Sargent himself - including Ellen Terry and Ethel Smyth - as well as works by his contemporaries and memorabilia from his studio. The exhibition also presents something of Lady Agnew herself including pictures and photographs of her family; to Oct 19

Royal Scottish Academy



'Fish', by the Australian Bangarra Dance Theatre, at the King's Theatre, Edinburgh, from Tuesday

Greg Barrett

Tel: 44-131-624 6200
 Sir Henry Raeburn (1756-1823): major exhibition of around 70 works by this most famous of Scottish painters, bringing together the works owned by the National Gallery with loans from around the world. The exhibition will travel to London; to Oct 5

Scottish National Portrait Gallery
 Tel: 44-131-624 6200
 The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart, this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard. In return, Scottish portraits will travel to Denmark in the autumn; to Aug 31

KASSEL

EXHIBITIONS
 Various venues
 Documenta: giant five-yearly survey of contemporary art which takes place all over Kassel. Starting at the old railway station, this tenth edition has been selected by French curator Catherine David; to Sep 28

LONDON

CONCERTS
BBC Proms, Royal Albert Hall
 Tel: 44-171-589 8212
 ● BBC Symphony Orchestra: conducted by Andrew Davis in works by George Benjamin, Bartók and Berlioz. With violin soloist Viktoria Mullova; Aug 13
 ● Budapest Festival Orchestra: conducted by Iván Fischer in works by Bartók and Brahms, with pianist András Schiff; Aug 15
 ● Evgeny Kissin: the Russian pianist gives a solo recital - a Proms innovation - of works by Haydn, Liszt and Chopin; Aug 10
 ● John Eliot Gardiner conducts Beethoven's Symphony No. 9 in D minor, performed by the Orchestra Révolutionnaire et Romantique and the Monteverdi Choir. Prefaced by choral music by Schubert, with soloists including Bryn Terfel; Aug 10
 ● John Lubbock conducts the Orchestra of St John's, Smith Square in premieres of works by Lou Harrison and Stephen Montague, Barber's Adagio for Strings and *Tabuh-tabuh* by Colin McPhee. With pianists Rolf Hind and Thomas Adès; Aug 12
 ● Pierre Boulez: conducts the Gustav Mahler Youth Orchestra in a programme of 20th century classics by Ravel, Bartók and Stravinsky - and his own *Notations I-IV*; Aug 12
 ● Sir Colin Davis conducts the National Youth Orchestra of Great Britain in works by Sir Michael Tippett, Vaughan Williams and Sibelius; Aug 9
 ● Stephen Cleobury conducts the BBC Singers and Brandenburg Consort in a programme of choral works by Purcell, Fayrfax, Byrd, Sheppard and Handel; Aug 15
 ● Valery Gergiev conducts the Kirov Orchestra from the Maryinsky Theatre, St Petersburg. In works by Tchaikovsky, Shostakovich and Rimsky-Korsakov; Aug 14
 ● World premiere of a new work by Magnus Lindberg performed by the Finnish Radio Symphony Orchestra and conducted by Jukka-Pekka Saraste. Sibelius's Violin Concerto in D

minor with violin soloist Christian Tetzlaff, and Beethoven's Symphony No. 3 in E flat major; Aug 11

DANCE

London Coliseum
 Tel: 44-171-632 8300
 The Kirov Ballet: Fokine Programme 2. *Les Sylphides*, *Schéhérazade* and *The Firebird*, seen here together in 1995, provide the finale to the month-long season; Aug 9

EXHIBITIONS

Hayward Gallery Tel: 44-171-2610127
 Rhapsodies in Black: Art of the Harlem Renaissance. For African American artists working in New York, the 1920s were something of a golden age, Harlem its dynamic centre. This multi-media presentation celebrates this decade of extraordinary creativity, bringing together paintings, sculptures, photography and film; to Aug 17

National Gallery Tel: 44-171-839 3321
 Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

National Portrait Gallery
 Tel: 44-171-3060055
 The Pursuit of Beauty: Five Centuries of Body Adornment. Organised by the Education Department, this chronologically arranged exhibition traces the history of fashion through the art of portraiture; to Oct 26

Tate Gallery Tel: 44-171-887 8000
 Mondrian: Nature to Abstraction. A series of drawings and paintings of trees and the sea, executed in Paris before 1914, forms the core of this exhibition of works loaned by the Gemeentemuseum in the Hague. The 60 works selected trace the artist's development towards the mature abstraction of his famous grid paintings; to Nov 30

Victoria and Albert Museum
 Tel: 44-171-8388500
 Shamiana: The Mughal Tent - made up of textile panels designed and made by communities of women all over the world, this tent - part of the V&A's celebration of 50 years of Indian independence - is on show in the Pirelli Garden; to Sep 14

THEATRE
Aldwych Tel: 44-171-416 6003
 Life Support: Alan Bates stars in a new comedy by Simon Gray, directed by Harold Pinter

National Theatre
 Tel: 44-171-928 2252
 ● Closer: new play written and directed by Patrick Marber, with a cast including Claret Hinds; Cottesloe Theatre; in repertory
 ● King Lear: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; Cottesloe Theatre; in repertory
 ● Amy's View: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; Lyttelton Theatre; in repertory
 ● The Cripple of Inishmaan: new play

by Martin McDonagh directed by Nicholas Hytner; Lyttelton Theatre; in repertory
 ● Guys and Dolls: revival of Richard Eyre's production with a cast including Imelda Staunton as Miss Adelaide; Olivier Theatre

Shakespeare's Globe
 Tel: 44-171-401 9919
 Henry V: by Shakespeare - Mark Rylands stars as the young king in a production directed by Richard Olivier and designed by Jenny Tiramani; in repertory

The Old Vic Tel: 44-171-928 6655
 ● The Provok'd Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory
 ● The Seagull: by Anton Chekhov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendal is Madame Arkadina, Dominic West her unhappy son, Michael Pennington her lover; in repertory
 ● Waiting for Godot: by Samuel Beckett. Ben Kingsley and Alan Howard play Estragon and Vladimir. The director is Peter Hall; in repertory

LOS ANGELES

EXHIBITIONS
Museum of Contemporary Art
 Tel: 1-213-6266222
 ● Jeff Wall: retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting; to Oct 5
 ● Joseph Cornell: Connections to the Permanent Collection. Installation of a selection of works which were part of a gift received by MOCA last year; to Sep 14

MUNICH

EXHIBITION
Kunsthalle der Hypo-Kulturstiftung
 Tel: 49-89-224412
 Markus Lüpertz (b. 1941), one of Germany's leading artists, is the subject of a retrospective which includes paintings, drawings and sculptures from throughout his career; to Sep 14

NEW YORK

EXHIBITIONS
Museum of Modern Art
 Tel: 1-212-708 5480
 ● Objects of Desire: The Modern Still Life - beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26
 ● This retrospective of the Stenberg brothers promises to be MOMA's largest graphic design retrospective to date. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

THEATRE

Belasco, 111 W. 44th St.
 Tel: 1-212-239 6200
 A Doll's House: Janet McTeer's much admired Nora plays opposite Owen

Teale's Torvald in this sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page

Lucille Lortel, 121 Christopher St.
 Tel: 1-212-239 6200
 As Bees in Honey Drown: by Douglas Carter Beane. Directed by Mark Brokaw. Cast includes T. Scott Cunningham and J. Smith-Cameron

Minetta Lane Theatre
 Tel: 1-212-420 8000
 Gross Indecency: The Three Trials of Oscar Wilde: Written and directed by Moises Kaufman, based on transcripts, letters and other writings. Michael Emerson plays Wilde

OTTAWA

EXHIBITIONS
National Gallery of Canada
 Tel: 1-613-990 1985
 Renoir Portraits: featuring works from throughout his career, this exhibition includes some of Renoir's most famous paintings. The show will travel to Chicago and Texas; to Sep 14

PARIS

EXHIBITIONS
Jeu de Paume Tel: 33-1-4703 1250
 César: major retrospective of one of the most important French sculptors of the 20th century. Tracing the different approaches and materials with which he worked, the exhibition includes almost 500 objects; to Oct 19

Musée National d'Art Moderne, Centre Georges Pompidou
 Tel: 33-1-4478 1233
 Fernand Léger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

PESARO

Rossini Opera Festival
 Tel: 39-721-33184
CONCERTS
 ● Coro da Camera di Praga: conducted by Romano Gandolfi in works by Schubert and Brahms. With pianist Raffaele Cortesi; at the Auditorium Pedrotti; Aug 14
 ● Nel Teatro del Gran Mondo: rarely performed works by Rossini and Donizetti. Soloists include Eva Mei and Paul Austin Kelly. With the Orchestra of the Teatro Comunale di Bologna conducted by Corrado Rovaris; at the Teatro Rossini; Aug 15
 ● Pianist Maurizio Baglini: performs works by Debussy and Chopin; at the Auditorium Pedrotti; Aug 11
 ● Rossini's Petite Messe Solennelle: performed by soprano Carmela Remiglio, contralto Mariana Pentcheva, tenor Juan Diego Florez and bass Michele Pertusi. With pianists Arnold Bosman and Rosetta Cucchi, and Federica Iannella on harmonium; at the Teatro Rossini; Aug 11

OPERA

● Il Barbiere di Siviglia: in a staging by Luigi Squarzina. With the Or-Orchestra of Tuscany, conducted by Yves Abel; at the Teatro Rossini; Aug 12
 ● Il Signor Bruschino: directed by Roberto de Simone. With the Or-Orchestra of Tuscany conducted by Corrado Rovaris; at the Auditorium Pedrotti; Aug 10, 14
 ● Moïse et Pharaon: presented in the version he adapted for the Paris Opera in 1827. Rossini's opera - created as *Moses in Egypt* in 1818 - is staged by Graham Vick. With the Orchestra of the Teatro Comunale di Bologna, conducted by Vladimir Jurowski; at the Palafranceschi; Aug 9, 13

SALZBURG

Salzburg Festival Tel: 43-662-844501
OPERA
 ● Boris Godunov: by Mossorgski. Conducted by Valeriy Gergiev in a staging by Herbert Wernicke. Samuel Ramey sings the title role. Cast also includes Philip Langridge. With the Vienna Philharmonic, the Konzertvereinigung Wiener Staatsopernchor and the Slowakischer Philharmonischer Chor Bratislava; at the Grosses Festspielhaus; Aug 9, 12
 ● Die Entführung aus dem Serail: by Mozart. New production. Conducted by Mark Minkowski and directed by François Abou Salem with designs by Francine Gaspar. With the Mozart Orchestra Salzburg and the Konzertvereinigung Wiener Staatsopernchor; at the Residenzhof; Aug 11, 14
 ● Die Zauberflöte: by Mozart. Christoph von Dohnányi conducts a new production by Achim Freyer. With the Vienna Philharmonic and the Konzertvereinigung Wiener Staatsopernchor; at the Felsenreitschule; Aug 10, 13
 ● Le Grand Macabre: by Ligeti. New production conducted by Esa-Pekka Salonen and directed by Peter Sellars. Cast includes Willard White. With the Philharmonia Orchestra and the Konzertvereinigung Wiener Staatsopernchor. Co-production with the Théâtre du Châtelet; at the Grosses Festspielhaus; Aug 13
 ● Lucio Silla: by Mozart. Conducted by Sylvain Cambreling and directed by Peter Mussbach with designs by Robert Longo. Cast includes David Kuebler and Susan Graham. With the Kuebler Academia Salzburg and the Konzertvereinigung Wiener Staatsopernchor; at the Kleines Festspielhaus; Aug 9, 12, 15
 ● Pelléas et Mélisande: by Debussy. New production conducted by Sylvain Cambreling and directed by Robert Wilson, with a cast including Dawn Upshaw. With the Philharmonia Orchestra and the Konzertvereinigung Wiener Staatsopernchor; at the Grosses Festspielhaus; Aug 10
 ● Wozzeck: by Berg. Conducted by Claudio Abbado in a new production directed by Peter Stein, with sets by Stefan Mayer. Bryn Terfel sings the title role. With the Vienna Philharmonic and

the Konzertvereinigung Wiener Staatsopernchor; at the Grosses Festspielhaus; Aug 11, 15

THEATRE

● Der Alpenkönig und der Menschenfänger: by Ferdinand Raimund. Revival of Peter Stein's production, with sets by Ferdinand Wögerbauer. With music by Wenzel Müller; at the Landestheater; Aug 9, 10, 13, 14, 15
 ● Libussa: by Franz Grillparzer. New production directed by Peter Stein, with sets by Moldale Bickel. Libussa is played by Dörte Lyssewski; at the Perner-Insel; Aug 9, 10, 11, 12

SANTA FE

OPERA
Santa Fe Opera Tel: 1-505-986 5900
 ● Arabella: Janice Watson sings the title role of Strauss's opera, in a new production directed by John Cox. The conductor is John Crosby; Aug 14
 ● Così Fan Tutti: Kenneth Montgomery conducts Mozart's opera in a new production directed by Nicolette Molnar and designed by Bruno Schwengl; Aug 11, 15
 ● La Traviata: Linda Brovsky directs this new production of Verdi's opera, set in the Parisian demi-monde. Christopher Larkin conducts; Aug 9, 12
 ● Semale: new production of Handel's opera, conducted by John Nelson and directed by John Copley. Elizabeth Futral sings the title role; Aug 13

SCHLESWIG-HOLSTEIN

CONCERTS
Music Festival Tel: 49-431-567080
 ● Alfred Brendel performs works by Busoni, Liszt, Schumann and Haydn; at the Deutsches Haus, Flensburg; Aug 13
 ● Oslo Philharmonic: conducted by Mariss Jansons in works by Nordheim, Bartók and Dvorák; at the Musikhalle, Hamburg; Aug 11
 ● Oslo Philharmonic: conducted by Mariss Jansons in works by Beethoven and Bruckner. With piano soloist Leif Ove Andnes; at the Schloss, Kiel; Aug 12
 ● Tivoli Symphonic Orchestra Copenhagen: conducted by Heinrich Schiff in works by Nielsen, Brahms and Stravinsky. With violin soloist Hanna Weinmeister and cello soloist Bruno Weinmeister; at the Reithalle, Wotersen; Aug 14

TANGLEWOOD

CONCERTS
Tanglewood Festival
 Tel: 1-617-931 2000
 ● Boston Symphony Orchestra: conducted by Charles Dutoit in works by Berlioz, Rachmaninoff and Bartók. With piano soloist Yefim Bronfman; the Shed; Aug 9
 ● Boston Symphony Orchestra: conducted by Charles Dutoit in works by Ravel, Rouse and Haydn. With cellist Yo-Yo Ma; the Shed; Aug 10
 ● Pianist Ursula Oppens: performs works by Wuorinen, Carter, Picker, Nancarrow and Rzewski; Ozawa Hall; Aug 11

VENICE

EXHIBITIONS
Giardini di Castello, the Corderie della Tana and elsewhere in the city
 Venice Biennale: the 47th International Art Exhibition is larger than ever, with 58 participating nations and a strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present, Past"; to Nov 9

VERONA

OPERA
Arena di Verona Tel: 39-45-800 5151
 ● Aida: by Verdi. Conducted by Nello Santi in a staging by Gianfranco de Bozio, revived by Susy Attardo. Casts vary; on Aug 10 & 15 Maria Guleghina sings the title role; Aug 10, 12, 15
 ● Macbeth: by Verdi. New production designed by Pier Luigi Pizzi, with choreography by Gheorghe Iancu. Conducted by John Neschling; Aug 13
 ● Madama Butterfly: by Puccini. New production. Conducted by Benji Montessor; Aug 9

VIENNA

EXHIBITIONS
Kunsthaus Wien Tel: 43-1-7120495
 Schmidt-Rottluff (1884-1976): comprehensive exhibition of around 180 works by the German expressionist including paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

WASHINGTON

EXHIBITIONS
National Gallery of Art
 Tel: 1-202-737 4215
 ● Sculpture of Angkor and Ancient Cambodia: Millennium of Glory. Around 100 works dating from 8th-16th centuries make up this exhibition of Khmer sculpture, the first of its kind in the US. Previously seen in Paris, the show will travel to Japan; to Sep 28
 ● Thirty-Five Years at Crown Point Press: 122 works on paper created by 48 artists at the print workshop founded by Katharine Brown as a community studio in the Bay area in 1962. The exhibition will travel to San Francisco; to Sep 1

ZURICH

EXHIBITIONS
Kunsthaus Zürich Tel: 41-1-262-0809
 Birth of the Cool: wide-ranging survey of American art in the latter half of this century. Among the artists represented are Georgia O'Keeffe, Jackson Pollock and Andy Warhol; to Sep 7

FT Arts Guide e-mail: susanna.rustin@ft.com
 Listings supplied by ArtBase, Amsterdam. Tel: 31-20-664 6441
 E-mail: artbase@pi.net

Weekend Investor

Wall Street

Profits that paint a misleading picture

They're not rising fast enough to justify soaring share prices, says John Authers

Here is a paradox. The US equity market is having a banner year. At last count, the Standard & Poor's 500 index, the most faithful barometer of large stocks, had gained more than 25 per cent in 1997. This implies that investors think American companies are more valuable now than they were in January.

The most fundamental factor determining a share price is the profit it is likely to earn. Share prices are supposed to incorporate all available information, meaning that likely future earnings are taken into account. So, corporate America must have earned more than Wall Street expected. That, at least, is the theory.

How, then, to explain the fact that the consensus of analysts' forecasts on profits for S&P 500 companies in the 1997 calendar year is now 2.6 per cent lower than it was at the beginning of January?

This startling pattern has emerged from the regular polls of Wall Street stock analysts run by Boston-based First Call, one of the research firms which establishes what the market expects in advance of corporate announcements. Chuck Hill, First Call's director of research, suggests that the pattern is not unusual.

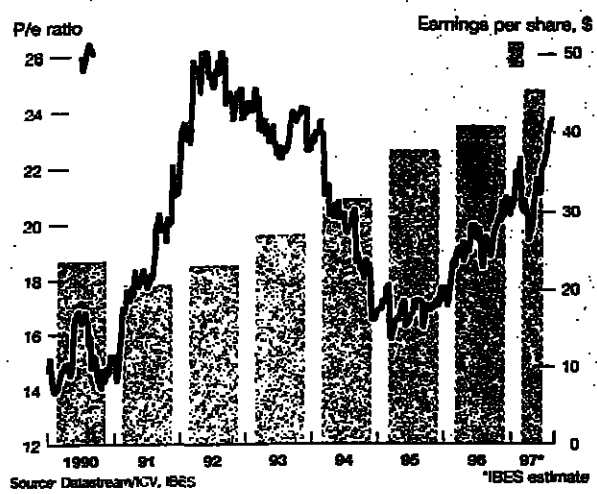
It also reveals much about the quarterly quadrille, danced by analysts and corporate investor relations departments, in which companies attempt to "beat" the Street's expectations, and harvest a share price gain (not to mention some positive press publicity).

According to Hill, stock analysts tend to have an in-built bias towards the sectors in which they specialise. This does not mean that they are unprofessional. It is more like the well-documented tendency for biographers to develop some sympathy for their subjects.

No analysts want to feel they have been asked to look at a bad sector, so they will always be inclined to be optimistic over the long term. Moreover, with the exception of a few giants in a sector, the companies they choose to follow will be those they rate highly.

Thus, analysts usually overshoot when they are looking to a long horizon. As

S&P Composite



Source: Datastream/NOV, IBS

each quarter's results approach, however, a different dynamic comes into play.

Take the second quarter profits of the 432 S&P 500 companies to have reported by yesterday. When these are compared with the consensus of analysts' predictions on the day of the announcement, the companies come out 2.4 per cent ahead of the market's expectations, according to Hill. On face value, this is a plausible justification for July's strong rally in share prices.

But the average company was only 0.9 per cent ahead of the estimates in place for it 30 days before it reported. The difference is down to the black arts of manipulation.

Companies which know they are going to disappoint tend to minimise the damage by getting at least some of the bad news into the open before their results are printed in full. This ensures they will not be too far behind forecasts when they finally reveal their results.

Companies with better news are desperate to avoid doing worse than expectations. So, according to Hill, if the accountants are saying a company will earn between 38 and 40 cents, "investor relations people will try to get the analysts to say 38 cents".

Stock analysts have a strong incentive to adopt a conservative bias in any case. Underestimate a company's profits, and one was merely exercising prudent caution. Overestimate them, and you missed something —

so, better to shade down the forecasts.

Result: 60 per cent of the S&P 500 companies to have reported so far have beaten expectations. 22 per cent have matched them, and only 18 per cent have come in below them.

All this skulduggery has important implications for the longer term.

First, note that corporate profits are not growing as fast as the market. Year on year, profits for the companies to have reported so far are up by an average of 10.3 per cent, a figure First Call expects to rise closer to 11 per cent.

This is good, but not as impressive as the stock market's rally. The price-earnings ratio on the S&P 500 has risen considerably this year, as the graph shows, so stocks have grown expensive much more quickly than the rise in the earnings power of companies can justify on its own.

This, in turn, suggests handling present valuations with care. Multiples are high by historical standards. They have been higher and, in times of low inflation, it is fair to pay a little more for equities.

But the fact remains that corporate profits on their own are not rising nearly fast enough to justify the market's breakneck pace.

Dow Jones Ind Average
Monday 8198.45 + 4.41
Tuesday 8187.54 - 10.91
Wednesday 8259.31 + 71.77
Thursday 8188.00 - 71.31
Friday

London

Footsie turns into a sprinter

How long to reach 6,000? wonders Philip Coggan

Six thousand, here we come. The FTSE 100 index did not so much reach the 5,000 level this week as race past it, like Michael Johnson on the finishing straight. In the space of three mid-week trading sessions, London's leading index rose by 190 points.

It is worth reflecting on what has happened since Footsie passed 4,000 in October 1996. During those 10 months, interest rates have been raised five times, sterling has risen by more than 23 per cent versus the D-mark, the Conservatives lost a general election and the tax credit on dividends was abolished.

If shares can rise in the face of all that bad news for the City, it is safe to assume that all we need for Footsie to reach 6,000 is an earthquake in London, an invasion by the Russians and the replacement of the Bank of England's monetary policy

committee by the Spice Girls.

Why, then, have shares been going up? The immediate reason for optimism is a sentence tucked away in the statement from the MPC on Thursday, when it raised rates by a quarter of a percentage point. "Upward pressure on the exchange rate should be reduced by the perception that interest rates have reached a level consistent with the inflation target," it said. This was taken by the market as a clear hint that there will be no more rate rises for a while.

Sterling responded by dipping below the DM3 level, continuing a decline which began on Wednesday and has so far carried the pound down by 13 pence in three days. That, of course, relieved the pressure on exporters and somewhat undermined the howls of protest from industry pressure groups and trade unions which followed

the base rate rise.

After all, if 7 per cent really does represent the top of the interest rate cycle, that is not too bad an achievement. Back in the 1980s, 7 per cent represented the lowest level that base rates seemed likely to reach.

The second factor lifting the market this week was a spate of corporate results that were generally much more positive than the figures reported in the previous week. Among the star performers were Barclays, British Petroleum, BAA, GKN and Pearson, the media group which owns the Financial Times. Some managed to disappoint, notably NatWest, Rank, Reed and Shell. But the overall tone was buoyant.

There were also indications that companies were stepping up their share buy-back programmes. This is one of the consequences of the Budget, which reduced the incentive to pay divi-



FTSE 100 raced up the finishing straight

dends and increased the likelihood that companies would prefer to raise money through debt rather than equity. Long term, this should be a significant source of support for the stock market.

A further positive factor for the UK market has been the international background. Wall Street continues to set new highs on a regular basis and European houses are soaring, up 30 per cent in local currency for the changes to take place in mid-September and for both gross and net yields to be displayed.

Indeed, if you ignore the effect of currencies, the UK market has actually lagged well behind the Continent: its rise is only 36 per cent over the same period.

In dollar terms, however, the UK has virtually kept pace, thanks to the strength of sterling and the weakness of the European currencies in the run-up to monetary union. There are signs that international investors have been buying into the UK market.

In spite of all this good news, there are some causes for doubt. Richard Jeffrey, Charterhouse group economist, thinks the Bank is too optimistic in believing that base rates of 7 per cent will be enough to slow the economy. He believes rates will have to rise to 8 per cent, and warns: "A liquidity-driven market is a dangerous place. Supported by an economy that is on the brink of overheating, we continue to believe there will be a significant setback by the end of the year." His end-year forecast is now 4,400.

Validations are also a matter of some concern. The abolition of the tax credit on dividends reduced the attractiveness of equities to tax-exempt investors such as pension funds. As yet, though, the overall market indicators do not reflect the change.

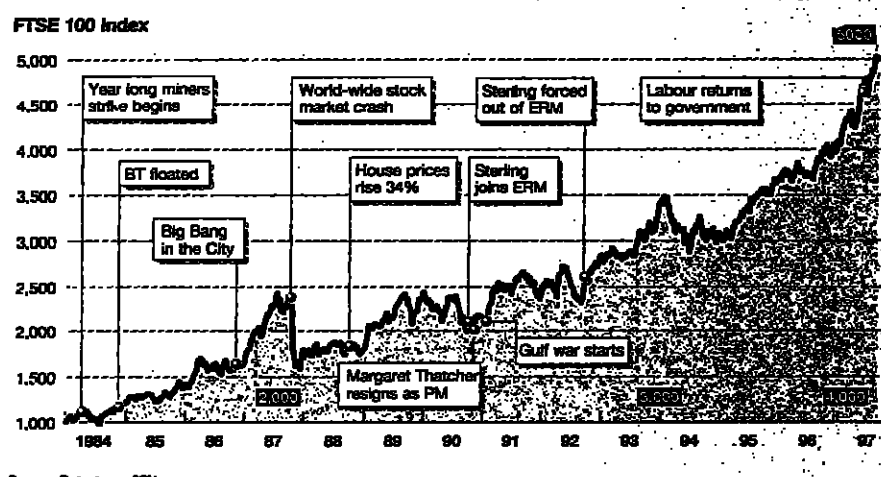
The Actuarial at FTSE International postponed the day, previously scheduled for August 4, when the market would move to a net yield basis. The plan now is for the change to take place in mid-September and for both gross and net yields to be displayed.

This makes quite a difference. On a gross basis, the gilt/stock yield ratio did not look too stretched at 2.15 on Thursday night, on a net basis, it looked a much more challenging 2.7. Similarly, the dividend yield on the All-Share - 3.31 per cent gross on Thursday - was only 2.85 per cent on a net basis, below the 2.85 per cent recorded at the height of the 1987 bull market.

Perhaps, such figures prompted the caution which led Footsie to shed some of its recent gains yesterday. But there were also signs that investors were at last switching out of the banks, oils and pharmaceuticals which have served them so well, and reinvesting the proceeds in the engineers and manufacturers.

While Footsie fell 55.5 points yesterday, the FTSE 250 index rose 52.3 points and even the SmallCap index rallied. The little guys are fighting back at last.

Footsie scales another peak



Source: Datastream/NOV

Highlights of the week

	Price	Change	52 week	52 week
	y/day	on week	High	Low
FTSE 100 Index	5031.3	+132.0	5088.8	3803.3
Arjo Wiggins	183	-30	202	149
Barclays	1421	-127	1462	876
Brit Aerospace	1486	-126%	1488%	935
BP	896	+77%	918	604
Cadbury Schweppes	619	+33%	623%	464
GEC	398%	+48%	414	327%
Glynwed Int'l	258%	+30	371%	193%
GKN	1226%	+174	1232%	907
ICI	1084	+69	1109%	681%
LucasVarity	217%	+25	262	180
Pearson	777%	+111%	797%	646
Reed Int'l	564%	-44%	1206	508%
REXAM	284%	+36	410	222%
TI	615%	-80%	619	450

Barry Riley

A breather for sterling

Now it's crunch time for Germany's repo rate



Another steamy summer is unfolding in the foreign exchange markets, with the dollar this year being the main beneficiary - although General Motors and Ford may not see it in that positive light. Is this time of year so hazardous because forex traders sense an opportunity while the politicians are away on holiday? Certainly, July and August have tended to be months of growing tension while September is the month for decisions: remember 1992?

This week, however, the Bank of England's monetary policy committee (MPC) made a decision of sorts - and in August, too. Seven per cent is not, of course, quite what it used to be. When Peter Thorneycroft raised Bank Rate to that level in September 1987, in response to another simmering summertime sterling crisis, it had genuine shock value, being the highest level for 36 years. When Selwyn Lloyd followed suit in July 1961, the impact was almost as great.

There was, though, definitely no shock on Thursday. The markets shrugged off the news, and even celebrated the hint that short-term interest rates might have reached a ceiling. Why put up rates, anyway? There is certainly no need to defend sterling - and it was quite skillfully massaged down this week. Domestically, higher interest rates should encourage saving and discourage those kinds of spending that depend on borrowed money, such as on durable goods and housing. Higher rates should also reduce

the value of financial assets, such as shares and bonds, and make people feel a bit poorer.

Whether such policies can work effectively in modern conditions is a moot point. Thorneycroft was able to back up his 7 per cent shock tactics with direct curbs on bank lending - in old-fashioned terminology, a credit squeeze. Today's big credit card borrowers are already paying

A near-30 per cent slide against the dollar cannot be accepted for much longer by the Bundesbank

something like 20 per cent on their £18bn debts, so they will not turn a hair at the MPC's quarter-point antics. As for financial assets, the price of War Loan tumbled by 6% per cent on the news back in 1987, and the FT index crashed by 8 per cent in two days. Today, however, the yields of long-dated gilts are set by the global marketplace, and they have fallen by 0.5 percentage points since the rise in short-term sterling interest rates began on May 6. Your bank or building society will certainly raise the price of your floating rate mortgage, but might suggest a now-cheaper fixed loan instead. As for shares, the Footsie index surged up through 5,000 this week as global fund managers continued to chase a small number of leading blue chips. The level of UK interest rates matters not a jot to the share price of SmithKline

Beecham, of which foreigners own 42 per cent.

True, the SmallCap index (excluding investment trusts), down 9 per cent since March and representing the fortunes of 660 small listed companies, is more directly exposed to the exchange rate squeeze. We should note that Thorneycroft's squeeze hit the consumer whereas today's tightening hits exporters.

We can observe, however, that

crumbling finance companies. Instead, Japan's interminable financial crisis will linger on.

The case of Germany is more interesting at present to the overheated forex traders. This month sees the first annual treaty of the fixed repo rate of 3 per cent, but the Bundesbank has signalled that it will switch to a more variable rate. This does not necessarily mean higher rates immediately and, with the German jobless total hitting a new peak of 4.4m this week, the Bundesbank can move only cautiously.

But a near-30 per cent two-year slide against the dollar - from 73 cents to, at one point last Wednesday, 53 cents - cannot be accepted for much longer by the custodian of a hard currency, as the Bundesbank still relies itself on being. Of course, the politics of this euro are confusing the simpler domestic issues.

Then there is the mighty US itself. The American job creation miracle continues, with 316,000 new pay cheques created in July. And the country's widening balance of payments deficit - reflecting economic growth in Europe, Asia and Latin America to the approval of practically everybody except, once again, GM and Ford.

As the markets quietly wait in the August limbo, anxiety grows that the US Federal Reserve Board might finally come a majority around its table in favour of a rise in dollar rates. That could jolt the securities markets. But it is probably wait until September.

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هكزان النحل

WEEKEND INVESTOR

The week ahead

TUESDAY: General Accident's interim results are expected to produce an operating profit of between £240m and £260m, compared with last year's £194m. Analysts are pencilling in a net dividend of between 12.2 and 12.43p (11.44p). There are high expectations that the insurer should outperform its peers on its underwriting profits in the UK. Another area of interest will be how fast it is growing its life profits, with some analysts forecasting more than £20m compared with £4m the year before.

TUESDAY: Smith & Nephew the UK healthcare group, is expected to reveal the damaging impact of sterling's strength when it reports interim pre-tax profits of £81.5m (£94.8m) on sales of about £530m. But broker Kleinwort Benson expects the dividend to

edge up to about 2.4p (2.29p).

TUESDAY: Glynwed, the engineering group, is expected to report interim pre-tax profits of between £40m and £42m (£40.2m). The results will be the first since the announcement in May that the Midlands-based group is to lose both its chairman, Gareth Davies, and chief executive, Bruce Ralph, next year. Davies is leaving to pursue a career as a non-executive director elsewhere. Three other senior board members have also retired in the past 12 months. Glynwed is also expected to reveal details of its year-long programme of 23 disposals. The company had intended to complete the sell-offs by this stage, but says progress has been slow.

WEDNESDAY: BICC, the

cables and construction group which issued a profits warning in April, is expected to report a fall in interim profits from £52m to £55m, and possibly to cut the interim dividend by 1p to 3p. Shares in the group, which launched a £170m rights issue at 270p nearly a year ago, have fallen below 170p since the warning that sharply reduced demand for powerables in Italy and Germany would undermine first-half profits.

THURSDAY: WPP, the world's largest marketing services group, is expected to announce interim profits up by about £10m to £78m in spite of revenues held flat by the strength of sterling. Last week, the group expanded its interests in direct marketing by acquiring a 70 per cent stake in France's Bellanger Foucault Associates. In June, it paid

£10.2m for 14.4 per cent of CIA, Europe's second largest independent media buying company.

FRIDAY: Alliance & Leicester, the former building society, will report its first interim results since converting to a bank and floating on the stock exchange in April. Estimates range from £175m to £195m, after £20m to £40m of conversion costs. A&L is reckoned to have just about held its share of the mortgage market, but deposit margins will have been hit as investors took their windfall money and ran.

Although the bank's valuation is now the lowest of the converted building societies, many analysts believe its share price remains bolstered by the belief that it will end up being taken over.

New issues

Network Technology, which designs and makes print server and networking equipment, this week announced a £5.5m placing and open offer. It expects to list on the main exchange by the end of this month. The issue price is 158p, which values the company at £56m.

Singer & Friedlander has fully underwritten the placing of 3.48m new ordinary shares, increasing the equity by nearly 11 per cent. The company said it would use the funds for new equipment and acquisitions and was looking at tax server technology companies.

Fairfield Enterprises, a supplier of printing machinery, is floating at an indicative price of 115p, which would value it at £10m. The company said it had no plans to issue new shares.

ERATEch, which specialises in waste recycling, and Ultraframe, which makes conservatory roofing systems, announced they both would seek a listing on the main exchange later this year.

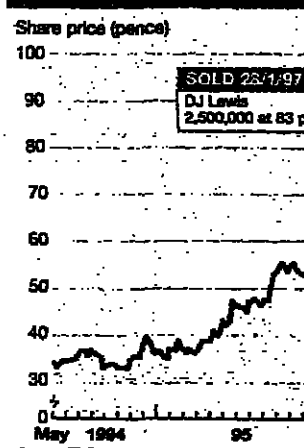
Members of Dial-a-Cab, a London taxi service, will vote in November whether to convert from a co-operative friendly society to a publicly listed company and float on the Alternative Investment Market.

Results due next week

Company	Sector	Announced	Last year	Dividend (p)	This year
Games Workshop	LAH	Wednesday	2.0	4.8	2.6
Grosvener Inns	Brow	Friday	2.75	3.05	-
Kleinwort High Income	InvTr	Thursday	2.35	2.35	2.6
Media Business	Med	Thursday	0.03	0.06	0.035
VOC	AIM	Monday	5.5	3.625	1.375

Offers for sale, placings & introductions

Fairfield Enterprises is to float with an indicative price of 115p. London is to raise £4.7m via a placing and offer of 3.28m shares at 150p. Network Technology is to raise £5.5m via a placing and offer of shares at 158p. Singer & Friedlander is to raise about £5m via a placing and offer of shares at 158p.



Directors' dealings

David Lewis, a non-executive director of property investment group TBI, is beginning to make a habit of selling large chunks of shares after results. He sold 3m shares last week at 85p which reduces his holding to 15,850,000 shares, *Jan Forrest* writes.

This follows a sale of 2.5m shares in January at 83p. Apparently the shares were sold to Mercury Asset Management, which now has a 15.5 per cent holding in the group. Final results in June were disappointing and showed only modest growth. Forecasts by the group's broker indicate that this is likely to continue this year.

Most of the interesting deals last week were in the property/leisure sectors. There were large purchases at Delancey Estates, Quintain Estates and Trocadero. Trocadero straddles both sectors and its shares were boosted by three directors buying 1.12m shares at 41-43p.

Directors' share dealings

Transactions in year companies July 28-August 1 1997

Company	Sector	Shares	Value £'000	No of directors
SALES				
Allied Carpets Grp	RetG	115,380	298	1
Cadcentre Grp plc	SSer	450,000	1058	1
Finsbury Tech Ltd	InvTr	10,000	11	1
Gerrard Group	OHF	150,000	488	1
National Power	SSer	4,976	29	1
Plantation & Gen	InvTr	4,500,000	3600	1
Sainsbury (J) plc	RetG	6,500	28	1
Smaller Companies	InvTr	35,000	44	1
TBI	Prop	3,000,000	2550	1
Trifast	Dist	5,000	28	1
Wolfe & Dudley Brw	Brow	4,882	29	1
Wood (Arthur)	HGod	18,328	35	1
Amstrad	Elec	250,000	883	1
Land Securities	Prop	33,500	918	1
Vodafone Group	Tele	161,400	482	1
PURCHASES				
Calluna	Elec	105,000	32	3
Cavaghan & Gray	FGP	16,700	12	1
Coral Products	FGP	30,000	12	1
Delancey Estate Pte	Prop	40,000	31	1
Deltron Elec plc	Dist	20,000	28	1
Eurocamp plc	LAH	10,000	22	1
Eurodis Electron	Dist	20,000	25	1
Eve Group	BOC	19,000	34	4
GEO	Elec	10,000	36	1
Hozelock	LAH	35,000	100	1
Incepta Group	Med	180,000	32	1
Lambert Fenchurch	Insu	16,000	20	1
Lynx Holdings	SSer	13,000	10	2
McKechin	Eng	4,000	16	1
Place Micro Tech	Elec	20,000	10	1
Plumtree Int	InvTr	22,000	88	1
Quintain Estates	Prop	14,244	20	1
Smaller Companies	InvTr	10,300	13	1
Trocadero Pte	LAH	1,120,000	244	3
VCI	LAH	5,000	11	1
Young & Cos Brew	Brow	2,000	14	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and AIM), including exercise of options (if 100% subsequently sold, with a value over £10,000). Information released by the Stock Exchange. Shares traded are ordinary unless otherwise stated.
 * An Ordinary Share. Source: The Inside Track, Edinburgh. 0131-473 7070

In the Pink

Madness in methodology breeds mediocrity

The City is its own worst enemy. John Morrell argues it's time for advisers to dare to be different

The City's claim to be the undisputed international investment capital of the world is under threat. It comes not so much from international competition as from a misplaced methodology - the enemy within.

UK pension funds, managed or advised by London, have largely missed out on the biggest bull run in world history - the rise and rise of Wall Street. Most London houses bought Japan too early and too heavily in 1984-85 - the result being aggravated by sterling's strength against the yen. And London erred by favouring emerging markets in Asia rather than Latin America - the scene of the main action.

These are serious errors of judgment from what is, by common agreement, the world's most experienced investment centre. So, what went wrong?

The first thing to notice is the concentration that has taken place over recent years in the UK pension fund management business. At the end of 1996, nearly 70 per cent of UK pension funds were managed by just five houses - which stay in line rather than risk losing their clients by stepping out of it. But is that motivation likely to produce what they are paid to provide - the implementation of their best investment judgment?

A second feature to note is the recent advent of "strategists" who exercise what is, in essence, a top-down discipline. This has reversed the traditional London practice whereby investment managers were essentially stock-pickers - a bottom-up judgment of relative value. The scope for appreciation in individual

stocks was what mattered. Stock markets, we were told, were no more than markets of stocks.

Reversing tradition is always hazardous, since the reference points acquired by experience are thrown out in favour of the unknown. The results are far from encouraging.

The error lies in a false methodology. All strategy has to be implemented against some definition of "neutral".

To be overweight or underweight in the investment exposure to a country

cycle, they have derived "corridors of value".

A market that moves outside such a corridor is branded automatically as a sale or a buy. This encourages extreme portfolio moves.

In terms of such a secular re-appraisal, the rise in the US market has done little more than recognise US strengths. Such a deserved re-rating is the result of America reasserting world leadership in many fields, and the growing confidence of investors there.

After their disappointing

experiences in the 1980s and 1970s, and the shock of October 1987, it has taken some time for US investors to re-discover the merits of equities as the best long-term class of investment - a view long held in the City.

By contrast, the Tokyo bubble turned out to hide serious structural weaknesses. The re-rating of Japan, as domestic investors lost confidence in the management of the economy and preferred bank deposits yielding 0.5 per cent to equities, caused the market to retreat from 38,000 to 14,000.

In sum, the corridor of value approach has given misleading signals for both the US and Japanese markets.

Risk capital performs a crucial economic function

Reversing tradition is always hazardous, since the reference points acquired by experience are thrown out in favour of the unknown. The results are far from encouraging.

Second, strategists have not made enough allowance for the secular re-rating of markets that occurs from time to time. By typically concentrating on a 10-year

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FT WEEKEND

True Fiction

Ever see a stressed-out sheep?

Paddy Linehan gives up the drink and chooses a safer mood-altering substance

After a quarter century of dedicated drinking, I finally had to give it up. The liver, kidney and family combined in revolt against me. I had long cultivated a dream of discovering an alcoholic drink that didn't precipitate a hangover. I misspent many enjoyable years in pursuit of this goal but finally retired defeated.

Everything was funky-dory for a while and I bored everyone with good health and sensibility, but then I started to miss it. Not the drink itself - I missed being drunk. I never liked drink, I liked the effect. I need the release from inhibition.

When I wanted to tell my friends what I thought about them, I'd take them round to the local, get tanked up and let them have it. When the final notices came through the letter box, I'd take them round to the local and after two or three I'd screw them into a ball, toss them in the air and give them a header.

When my article didn't get published I'd be sweet as hell to the rejecting editor on the

phone, then I'd go round to the local and tell my bartender what I really thought.

After a few months on the dry, I missed this release from stressful living.

I told a doctor friend of my problem and he said there was an alcohol-free alternative. He counselled me. The feeling of euphoria brought about by alcohol is mostly psychological, he told me. To "have a few drinks and relax" has been prescribed so much for so long that we are conditioned to expect relief from drink.

Many other substances have equally tranquillising effects without the hangover. This, he told me, was well known by the medical and psychological profession. The fact was just coming

into public consciousness now.

"Wool is your answer," he said. A healthy, natural non-invasive substance that, given the chance, would give me the release I required. "Did you ever see a stressed sheep?" he asked. He was surprised I hadn't heard about this alternative.

A chain of wool shops is opening up all over the UK. There are five in London. He recommended one in Knightsbridge. It is tucked away in one of those smart and fashionable mews behind Harrods and it has lots of parking.

I was amazed at the clientele and must admit to feeling a little foolish and overdone. Though quite a chilly night, most were barely decent. As a seasoned toper, I knew the necessity of

lining the stomach before a night of drinking but I wasn't into the strip-down that facilitates a good night on the wool. Seasoned wool shop clients came well prepared, almost naked.

I opened the door to an Arctic blast. The air conditioning was on full. The counter stretched away without a single tap. Those serving were well wrapped in synthetic fur. No wool is allowed to staff, I learnt, until the premises is cleared. There were shelves and shelves of multicoloured sweaters and scarves and gloves and balacava helmets and socks and a few full-length knitted dresses and pairs of dungarees artistically displayed.

The place filled up just as I entered and there was a shiver-

ing, chattering, underdressed crowd at the counter, edgy with cold and inhibition. I hung back for a while, unsure of the protocol. A few who looked seasoned went straight into heavy sweaters, pulling them on and relaxing quickly. I decided to start slowly and ordered just one fingerless glove.

It fitted perfectly and I felt relaxation seep into me. I played my fingers in front of myself and felt the warm relief spread. A nice little Chelsea miss remarked on how well it suited as she reached past me to take a long scarf from the counter. For a moment, she draped it over my shoulder and then drew it suggestively to herself and sidled away, one eye closing in an outrageous wink.

Encouraged, I took the second glove and drew it on in a single stroke. Sweet relief. A big tough Scotie jostled past me, mumbling his apologies, and roared for a balacava. He was already well-fleeced and the wooltender tried to talk him into a synthetic but he wasn't having any of it. "A balacava," he roared and as he saw me standing there with just the two half gloves he insisted I have one as well. Chucking it at me he slurred "gerr' at on ya".

"How's me friend the sheikh?" he bellowed. I thought he was addressing me again but then realised it was a rotund Arab who was squeezing in between us. "What are you havin'?" he slurred and before our new acquaintance had a chance to

answer, he was dragging a Fair Isle sweater down over his gut-trah. The sheikh made a feeble resistance at first but then shrugged into the loose garment and started to laugh.

The Chelsea lass came back hiccupping and Jock insisted on a cute little lemon-coloured tank top. She writhed into it. Mohammed took off his gut-trah and bought a ski hat. He persuaded me to exchange the half gloves for proper sheepskins. And he ordered a really tight sweater for Miss Chelsea. She wrapped her long scarf around the four of us and we erupted into prolonged woolly entanglement. We swapped addresses and phone numbers and promised to meet for a "woollic" every Monday night.

We stumbled off into the vestibule where the garments are handed in for cleaning to be served up again next night. People became embarrassed as they removed their garments. We avoided each other's eyes as we walked to our respective vehicles and drove safely away into the night.

Arcadia

Bye bye Barbour - we've all gone 'street'

Victoria Mather calls for rural statements - waxed jackets, four-wheel-drive vehicles - to be banned from the urban scene

The rural myth is in decline. One of the totems of gracious country living has suffered a reversal of fashion fortune - the Barbour, an olive-green, thorn-proof, waterproof waxed jacket, was an essential accessory for English country people.

It was then espoused by urban trendies from London to Milan in much the same way as four-wheel-drive cars (with bull bars), lovable Labradors and rose-covered cottages had been. They were the symbols of a glazed chintz lifestyle. And that was the balm of the aspirant - the just reward for making the money for it all in the city.

But, while sales in Tokyo are on the up, those in the home market are stagnant at J. Barbour & Sons, a family-owned maker of superior waterproof clothing for 103 years. This is a small but significant indicator, not of decline at a proud company, but that the greening of urban sophisticates is over.

In truth, their idea of the country was rigorously sanitised. No smart Milanese would ever have had a speck of mud on his Barbour and all those who own Range Rovers or Shoguns or Jeep Cherokees rarely drive anywhere than on to a city kerb. Perhaps the British government, contemplating restrictions on car use in London, could kick the tyres of these space-guzzlers and ban all but the really rural.

As for the country cottage, the great discovery of the 1990s has been that The Old Rectory, Pastoral Idyll, Heavenshire, is a chimera - no staff, no buffalo mozzarella, no dear, friendly neighbourhood restaurant, no end of trouble slogging to it on a Friday evening.

The roads out of the city, be it London or New York or Paris, have become increasingly choked by cross, tired over-achievers wondering why they couldn't stay at home in relative metropolitan comfort.

On Friday, they spend two hours packing the four-wheel-drive with all the things they can't get in the country - lemon-grass, ciabatta, prosciutto and Brisa de mar.

On Saturday, they wrestle with the garden, which makes their

Patrick Cox's wellingtons with stiletto heels would look great in Manhattan

country clothes all wet and grubby.

On Sunday, they have to pack up the car again, including the stinky bits of cheese they cannot bear to waste. This is not fun and is very expensive.

Strangely, the Barbour flourished as high fashion during the premiership of Margaret Thatcher, who was intensely suburban and definitely not deep country. But the announcement of slower sales has occurred during the reign of Tony Blair, who took such pains to wear a shiny new one for a photo opportunity at Chequers, the prime minister's country residence.

Is this downturn a result of New Labour? Is it because the thorns have fallen from the bushes? Or maybe we all just want to look "street", not ploughed field? Blair is actually very street. One cannot imagine that his waxy jacket, if thrust idly into the boot of the car, would ever emerge smelling like spandrel breath or tinged with the verdigris of country graft. Nor would it be politically correct for him to have the regulation gun cartridges in his pockets.

The green jacket has been neglected because it was never fashionable but only a statement. Dorset-born Lisa Armstrong who has made good in the big city offices of British Vogue says: "The Barbour is very practical and, as a country girl, I have a soft spot for them, but the connotations are awful because they are Sloane Ranger, which was such a 1980s icon. And Sloanes are now weather girls, more interested in Gucci Day-Glo fox fur. So I'm going to frame my Barbour."

In the 1990s, those on the make had two centres of polarity: the City, where money was coined; and the trophy territory of the Country. Now, instead of buying a country house and renting in the city, the roles have been reversed and, if at all, the country house is rented, time-shared or borrowed for the weekend.

"The Barbour symbolised the

aspirant lifestyle because those who had made money wanted to buy a house in the country," says John Morgan, associate editor of GQ magazine. "But now we are all so much more international. It takes so long to go anywhere on

Why go to Hampshire when one could be in the Hamptons?

the M4 that one might as well travel to Bell. The country isn't interesting any more unless it is another country. Why go to Hampshire when one could be in the Hamptons?

So let's wear Patrick Cox's red

wellingtons with stiletto heels because they would look great in Manhattan; let's have green-jacketed machines from Holland & Holland (now owned by Chanel) because they are just the thing for shooting in Argentina; let's be beach and fun - get anything from the L.L. Bean mail order catalogue that's served the Kennedys and the Nantucket set for years. Tell me that any truly "English look" does not owe everything to Ralph Lauren.

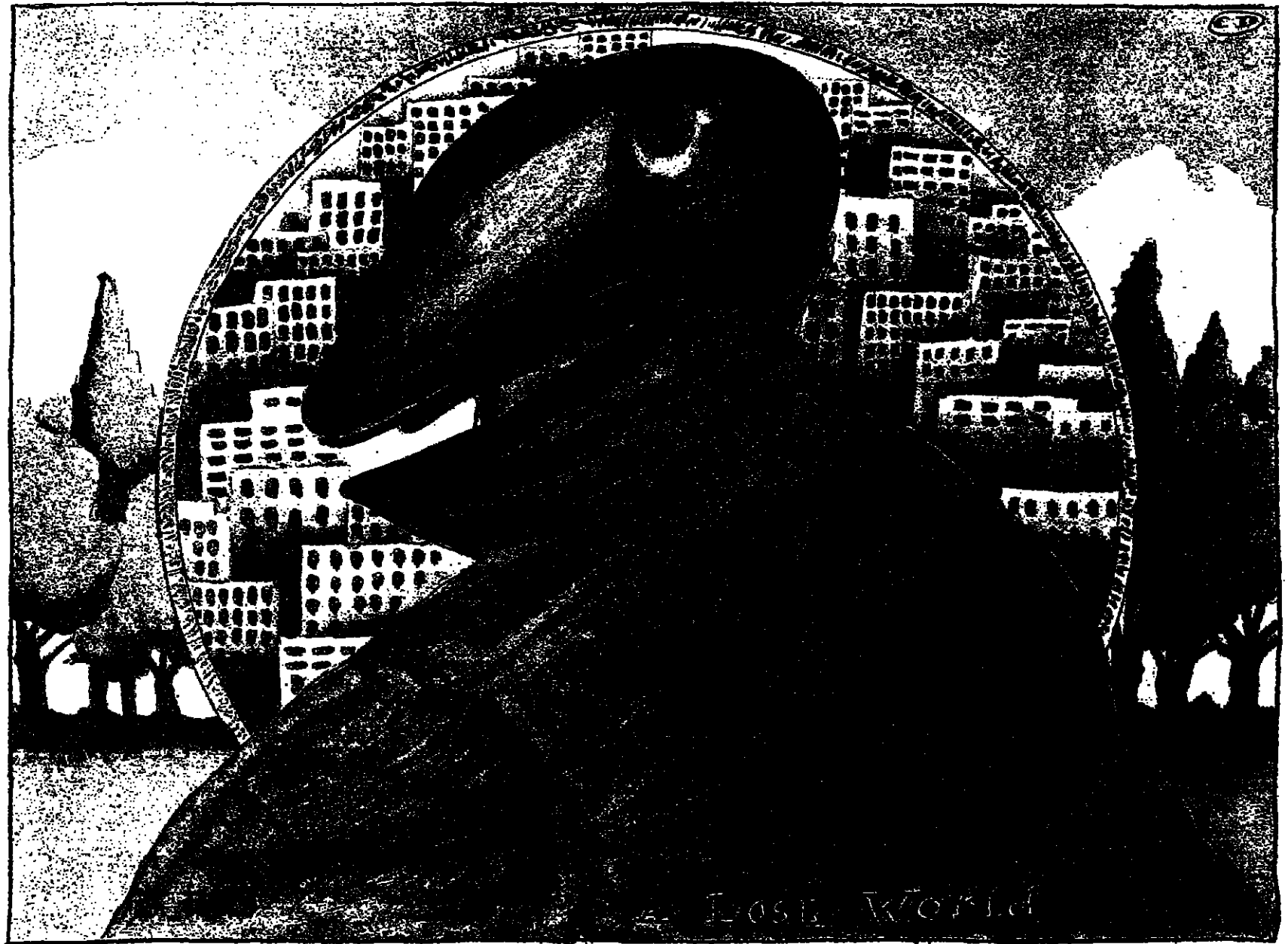
For those who still believe that Britain is a rural society abounding with men in shepherd's smocks, Barbour-clad dukes and forelock-tugging peasants, the early retirement of the city-green jacket must seem like the end of life as they knew it. But the Barbour will never die.

Proper country people - such as beaters and Prince Philip - will persevere with it, if only because the thing never wears

out. Other fashion accessories endure one bout of dry cleaning and are then thrown out - but the Barbour never dies. And that is the antithesis of fashion.

The young, the hip and the cool, once so happy in waxed green, want DKNY and Calvin Klein - they want New York, not Yorkshire. Everyone is trying to be more sophisticated, asking for airline upgrades, so the cottage in the sticks with burst pipes and dodgy heating isn't interesting, let alone romantic or relaxing.

As for Tony Blair - who is not cramped by a patrician rural background - he should forget the idea that an iconic jacket makes him more user-friendly. He can dump the country, as he has dumped so many things, and go international and edgy, really edgy. He should be wearing Roller Blades, Tommy Hilfinger shorts and Porsche shades - this stuff was made for him.



Metropolis

Building designs for the light fantastic

Colin Amery describes the coming of the high-technology age to architectural developments in the Ruhr valley

When I told the cab driver on the way to Düsseldorf that I was flying to the last time he had been there was as a crew member of a Lancaster bomber. There were hundreds of nightly raids on the Ruhr valley during the second world war as the Allies attempted to wipe out the hub of the German arms industry. The scale of the damage to the towns of the Ruhr matched the destruction of London, Coventry and the Midlands.

The immediate post-war reconstruction along the great Ruhr valley concentrated on rejuvenating heavy industry and repairing what was left of the infrastructure. Today, things are different and the enlarged Germany is, like much of Europe, looking to high technology and the information/communications revolution to transform its industrial base.

When industry moves from the heavy to the light fantastic it has different needs from architecture. This makes a great impact on the shape of cities and the lives of the people who live in them. In two centres on the Ruhr, Duisburg and Essen, British architects Foster and Partners have been working since the early 1990s to build new elements in these damaged cities.

Americans used to talk of transforming their "rust belt" towns into silicon chip cities. Today, it is in the once broken heart of Europe that the urban surgeons are at work. It is stich and mend rather than transplantation that is proving successful. Germans talk of gradual urban renewal of existing communities with none of the sentimentality that goes with the cottage thinking in Britain about "urban villages". German commitment to clarity and modern design is underlined by the choice of Sir Norman

Foster's firm to take part in the Ruhr's redevelopment. Foster won an international competition in 1991 for the rebuilding of the inner harbour (the largest inland harbour in the world) at Duisburg.

Duisburg is not a spot for a summer vacation. From a distance it is unpromising - worn out, and only slowly reviving. But the harbour does have potential. Foster's plan brings back houses and converts the old grain warehouses for private investment.

But there is one wonderful thing about Duisburg: the new canal.

Foster decided to create new landscaping, to put a dam across the harbour and, wherever possible, to use water as the focus. Unlike London's Docklands, where so many beautiful docks were filled in and old buildings bulldozed for dinky apartments, Duisburg is keeping the best of its waterfront and has ambitions to

become another Amsterdam. The new canal is especially impressive. It is full of clear water filtered by a solar-powered building, the working spaces are set around two huge atria. It is rare indeed to see clean water in a city - it has a striking effect and everyone wants to live close to the canal.

Foster's designs bring an element of grandeur to commercial spaces

Houses are to be built along the waterway's edge, and the warehouses will have a variety of uses. Also in Duisburg, one of the first Micro Electronic parks is almost complete. Two of Foster's buildings provide laboratories,

offices and exhibition and teaching spaces, all associated with the world of micro technology. Inside the largest building, the working spaces are set around two huge atria.

These atria are cool and spacious. The sweeping, curved metal roof extrudes to become a sheltering canopy. The temperature in your office can be controlled by telephone - turn it up on a cold day as you drive into the underground car park. The park is networked by optical fibre links to the adjacent Telematic Forum.

On the edge of the river Ruhr, away from the centre of Duisburg, is Mülheim, where one of Europe's leading planning and consulting firms, Agisplan, asked Foster to expand its 1970s headquarters. He has done this by doubling up the space on each side of a new atrium and putting in a grand stairway.

Foster's designs bring an element of grandeur to modern commercial spaces. He does it in

Mülheim with the great timber stairs and glass-roofed atrium. His detailing and sense of order makes full use of the trim technology of the late 20th century.

The biggest challenge Foster faced in his work in the Ruhr was at Essen - home of Krupp's armaments and a city surrounded by industrial detritus. At Zeche Zollverein on the edge of Essen, one building from the massive coal mining complex has been converted by Foster into the German Design Museum.

This is a lesson in how the industrial past can be adapted into the educational/entertainment future. The original mine was designed by Schupp and Krümmel between 1897 and 1932. These two architects were pioneers of the modernism we now associate with the Bauhaus and Mies van der Rohe.

The Essen complex is powerful - it feels like the set of a

Fassbinder movie... where something terrible is about to happen. Foster's addition of cool glass elements to the boilers and brutal machinery emphasises the strangeness of the place.

Cars and washing machines gleam against the former fifth of the mining industry. The display of the best of modern German design in this temple of defunct power is moving and effective. Take the lift to the roof and look across the site: trees are growing out of the industrial ruins and there the recent history of Europe is writ large and clear.

The Ruhr revival offers clues to the future; and they point to a cleaner and more civilised combustion. But it is the flash of clear water that stays in the mind, suggesting nature must come back to the city.

MANAGEMENT SERVICES

	Selling	Buying	+ or -	Yield
100% Equity	100%	100%	0%	10.00%
80% Equity	100%	100%	0%	10.00%
60% Equity	100%	100%	0%	10.00%
40% Equity	100%	100%	0%	10.00%
20% Equity	100%	100%	0%	10.00%
100% Debt	100%	100%	0%	10.00%
80% Debt	100%	100%	0%	10.00%
60% Debt	100%	100%	0%	10.00%
40% Debt	100%	100%	0%	10.00%
20% Debt	100%	100%	0%	10.00%

● **NOTES**
 Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.
 Net: Rate of interest payable after allowing for deduction of basic rate income tax.
 Gross CAP: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'.
 Int Cr: Frequency at which interest is credited to the account.

INVESTMENT TRUSTS - Cont.

	MOVES	PRICE	PERCENT
New City & Carver	122 1/2	123 1/2	1.00
Wynn	34 1/2	35 1/2	3.00
R.P. Tech 2006	211 1/2	212 1/2	0.50
New Zealand	24 1/2	25 1/2	4.00
Newmarket V	24 1/2	25 1/2	4.00
Nat Atlantic S&P Corp	42 1/2	43 1/2	2.00
Orin Inc, 2013	42 1/2	43 1/2	2.00
Northwest Inc	11 1/2	12 1/2	8.00
Old National SA	11 1/2	12 1/2	8.00
Wynn	34 1/2	35 1/2	3.00
Dynasty Int'l	34 1/2	35 1/2	3.00
Wynn	34 1/2	35 1/2	3.00
Pacific Energy	34 1/2	35 1/2	3.00

Pacific Horizon _____ 534-2
 Western _____ 16-12

Algeria	1990	1.00
Algeria	1991	1.00
Algeria	1992	1.00
Algeria	1993	1.00
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Algeria	2099	1.00
Algeria	2100	1.00
Algeria	2101	1.00
Algeria	2102	1.00

Sec. Allman	2247	-71	22415
Sec. Cough	2248	-	22416
Sec. Long	2249	-	22417
Sec. Arner	2250	-	22418

Senators	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	97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Understand Assets	154	+	154	74
Value & Income	155	+	155	74
Value Realization Tot	155	+	155	74
Monetary Fund Syst	119	+	119	74

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Zero Day PT	155	155	155	155
Zero Day & Smith	107	107	107	107

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Unsupervised	200	1	201	192
Access Flight Entry Ref.	103	1	104	103
Warrant	102	1	103	102
Zero Day Pk	1224	1	1224	113
Zero Day Pk	1224	1	1224	103

NAME	ADDRESS	CITY	STATE	ZIP	TELEPHONE	DATE	TIME	REMARKS
Mr. J. H. Smith	123 Main St.	Springfield	MA	01102	555-1234	10/25/78	10:30	Arrived on time
Mr. R. L. Jones	456 Oak Ave.	Springfield	MA	01102	555-5678	10/25/78	11:00	Left early
Mr. T. K. Brown	789 Pine St.	Springfield	MA	01102	555-9012	10/25/78	11:30	Arrived on time
Mr. S. M. Davis	101 Elm St.	Springfield	MA	01102	555-3456	10/25/78	12:00	Left early
Mr. P. Q. Wilson	202 Cedar St.	Springfield	MA	01102	555-7890	10/25/78	12:30	Arrived on time
Mr. V. N. Moore	303 Birch St.	Springfield	MA	01102	555-2345	10/25/78	13:00	Left early
Mr. B. C. Taylor	404 Spruce St.	Springfield	MA	01102	555-6789	10/25/78	13:30	Arrived on time
Mr. F. G. White	505 Ash St.	Springfield	MA	01102	555-0123	10/25/78	14:00	Left early
Mr. H. I. Black	606 Hickory St.	Springfield	MA	01102	555-4567	10/25/78	14:30	Arrived on time
Mr. J. K. Green	707 Walnut St.	Springfield	MA	01102	555-8901	10/25/78	15:00	Left early
Mr. L. M. Hall	808 Chestnut St.	Springfield	MA	01102	555-2345	10/25/78	15:30	Arrived on time
Mr. N. O. Young	909 Sycamore St.	Springfield	MA	01102	555-6789	10/25/78	16:00	Left early
Mr. P. R. King	1010 Magnolia St.	Springfield	MA	01102	555-0123	10/25/78	16:30	Arrived on time
Mr. Q. S. Lee	1111 Dogwood St.	Springfield	MA	01102	555-4567	10/25/78	17:00	Left early
Mr. R. T. Scott	1212 Redwood St.	Springfield	MA	01102	555-8901	10/25/78	17:30	Arrived on time
Mr. S. U. Adams	1313 Cypress St.	Springfield	MA	01102	555-2345	10/25/78	18:00	Left early
Mr. T. V. Baker	1414 Juniper St.	Springfield	MA	01102	555-6789	10/25/78	18:30	Arrived on time
Mr. U. W. Carter	1515 Fir St.	Springfield	MA	01102	555-0123	10/25/78	19:00	Left early
Mr. V. X. Evans	1616 Hemlock St.	Springfield	MA	01102	555-4567	10/25/78	19:30	Arrived on time
Mr. W. Y. Foster	1717 Spruce St.	Springfield	MA	01102	555-8901	10/25/78	20:00	Left early
Mr. X. Z. Gibson	1818 Cedar St.	Springfield	MA	01102	555-2345	10/25/78	20:30	Arrived on time
Mr. Y. A. Harris	1919 Birch St.	Springfield	MA	01102	555-6789	10/25/78	21:00	Left early
Mr. Z. B. King	2020 Spruce St.	Springfield	MA	01102	555-0123	10/25/78	21:30	Arrived on time

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AIM - Cont.

		1997		MA		GP	
Rank	Name	Age	Pos	HT	WT	MA	GP
1	Robert	21	WR	6'2"	175	190	1
2	Robert	21	WR	6'2"	175	190	1
3	Robert	21	WR	6'2"	175	190	1
4	Robert	21	WR	6'2"	175	190	1
5	Robert	21	WR	6'2"	175	190	1
6	Robert	21	WR	6'2"	175	190	1
7	Robert	21	WR	6'2"	175	190	1
8	Robert	21	WR	6'2"	175	190	1
9	Robert	21	WR	6'2"	175	190	1
10	Robert	21	WR	6'2"	175	190	1
11	Robert	21	WR	6'2"	175	190	1
12	Robert	21	WR	6'2"	175	190	1
13	Robert	21	WR	6'2"	175	190	1
14	Robert	21	WR	6'2"	175	190	1
15	Robert	21	WR	6'2"	175	190	1
16	Robert	21	WR	6'2"	175	190	1
17	Robert	21	WR	6'2"	175	190	1
18	Robert	21	WR	6'2"	175	190	1
19	Robert	21	WR	6'2"	175	190	1
20	Robert	21	WR	6'2"	175	190	1
21	Robert	21	WR	6'2"	175	190	1
22	Robert	21	WR	6'2"	175	190	1
23	Robert	21	WR	6'2"	175	190	1
24	Robert	21	WR	6'2"	175	190	1
25	Robert	21	WR	6'2"	175	190	1
26	Robert	21	WR	6'2"	175	190	1
27	Robert	21	WR	6'2"	175	190	1
28	Robert	21	WR	6'2"	175	190	1
29	Robert	21	WR	6'2"	175	190	1
30	Robert	21	WR	6'2"	175	190	1
31	Robert	21	WR	6'2"	175	190	1
32	Robert	21	WR	6'2"	175	190	1
33	Robert	21	WR	6'2"	175	190	1
34	Robert	21	WR	6'2"	175	190	1
35	Robert	21	WR	6'2"	175	190	1
36	Robert	21	WR	6'2"	175	190	1
37	Robert	21	WR	6'2"	175	190	1
38	Robert	21	WR	6'2"	175	190	1
39	Robert	21	WR	6'2"	175	190	1
40	Robert	21	WR	6'2"	175	190	1
41	Robert	21	WR	6'2"	175	190	1
42	Robert	21	WR	6'2"	175	190	1
43	Robert	21	WR	6'2"	175	190	1

TRANSPORT

25/12/94	26/12/94	27/12/94	28/12/94	29/12/94	30/12/94	31/12/94	1/1/95	2/1/95	3/1/95	4/1/95	5/1/95	6/1/95	7/1/95	8/1/95	9/1/95	10/1/95	11/1/95	12/1/95	13/1/95	14/1/95	15/1/95	16/1/95	17/1/95	18/1/95	19/1/95	20/1/95	21/1/95	22/1/95	23/1/95	24/1/95	25/1/95	26/1/95	27/1/95	28/1/95	29/1/95	30/1/95	31/1/95	1/2/95	2/2/95	3/2/95	4/2/95	5/2/95	6/2/95	7/2/95	8/2/95	9/2/95	10/2/95	11/2/95	12/2/95	13/2/95	14/2/95	15/2/95	16/2/95	17/2/95	18/2/95	19/2/95	20/2/95	21/2/95	22/2/95	23/2/95	24/2/95	25/2/95	26/2/95	27/2/95	28/2/95	29/2/95	30/2/95	31/2/95	1/3/95	2/3/95	3/3/95	4/3/95	5/3/95	6/3/95	7/3/95	8/3/95	9/3/95	10/3/95	11/3/95	12/3/95	13/3/95	14/3/95	15/3/95	16/3/95	17/3/95	18/3/95	19/3/95	20/3/95	21/3/95	22/3/95	23/3/95	24/3/95	25/3/95	26/3/95	27/3/95	28/3/95	29/3/95	30/3/95	31/3/95	1/4/95	2/4/95	3/4/95	4/4/95	5/4/95	6/4/95	7/4/95	8/4/95	9/4/95	10/4/95	11/4/95	12/4/95	13/4/95	14/4/95	15/4/95	16/4/95	17/4/95	18/4/95	19/4/95	20/4/95	21/4/95	22/4/95	23/4/95	24/4/95	25/4/95	26/4/95	27/4/95	28/4/95	29/4/95	30/4/95	1/5/95	2/5/95	3/5/95	4/5/95	5/5/95	6/5/95	7/5/95	8/5/95	9/5/95	10/5/95	11/5/95	12/5/95	13/5/95	14/5/95	15/5/95	16/5/95	17/5/95	18/5/95	19/5/95	20/5/95	21/5/95	22/5/95	23/5/95	24/5/95	25/5/95	26/5/95	27/5/95	28/5/95	29/5/95	30/5/95	31/5/95	1/6/95	2/6/95	3/6/95	4/6/95	5/6/95	6/6/95	7/6/95	8/6/95	9/6/95	10/6/95	11/6/95	12/6/95	13/6/95	14/6/95	15/6/95	16/6/95	17/6/95	18/6/95	19/6/95	20/6/95	21/6/95	22/6/95	23/6/95	24/6/95	25/6/95	26/6/95	27/6/95	28/6/95	29/6/95	30/6/95	1/7/95	2/7/95	3/7/95	4/7/95	5/7/95	6/7/95	7/7/95	8/7/95	9/7/95	10/7/95	11/7/95	12/7/95	13/7/95	14/7/95	15/7/95	16/7/95	17/7/95	18/7/95	19/7/95	20/7/95	21/7/95	22/7/95	23/7/95	24/7/95	25/7/95	26/7/95	27/7/95	28/7/95	29/7/95	30/7/95	31/7/95	1/8/95	2/8/95	3/8/95	4/8/95	5/8/95	6/8/95	7/8/95	8/8/95	9/8/95	10/8/95	11/8/95	12/8/95	13/8/95	14/8/95	15/8/95	16/8/95	17/8/95	18/8/95	19/8/95	20/8/95	21/8/95	22/8/95	23/8/95	24/8/95	25/8/95	26/8/95	27/8/95	28/8/95	29/8/95	30/8/95	31/8/95	1/9/95	2/9/95	3/9/95	4/9/95	5/9/95	6/9/95	7/9/95	8/9/95	9/9/95	10/9/95	11/9/95	12/9/95	13/9/95	14/9/95	15/9/95	16/9/95	17/9/95	18/9/95	19/9/95	20/9/95	21/9/95	22/9/95	23/9/95	24/9/95	25/9/95	26/9/95	27/9/95	28/9/95	29/9/95	30/9/95	1/10/95	2/10/95	3/10/95	4/10/95	5/10/95	6/10/95	7/10/95	8/10/95	9/10/95	10/10/95	11/10/95	12/10/95	13/10/95	14/10/95	15/10/95	16/10/95	17/10/95	18/10/95	19/10/95	20/10/95	21/10/95	22/10/95	23/10/95	24/10/95	25/10/95	26/10/95	27/10/95	28/10/95	29/10/95	30/10/95	31/10/95	1/11/95	2/11/95	3/11/95	4/11/95	5/11/95	6/11/95	7/11/95	8/11/95	9/11/95	10/11/95	11/11/95	12/11/95	13/11/95	14/11/95	15/11/95	16/11/95	17/11/95	18/11/95	19/11/95	20/11/95	21/11/95	22/11/95	23/11/95	24/11/95	25/11/95	26/11/95	27/11/95	28/11/95	29/11/95	30/11/95	31/11/95	1/12/95	2/12/95	3/12/95	4/12/95	5/12/95	6/12/95	7/12/95	8/12/95	9/12/95	10/12/95	11/12/95	12/12/95	13/12/95	14/12/95	15/12/95	16/12/95	17/12/95	18/12/95	19/12/95	20/12/95	21/12/95	22/12/95	23/12/95	24/12/95	25/12/95	26/12/95	27/12/95	28/12/95	29/12/95	30/12/95	31/12/95	
25/12/94	26/12/94	27/12/94	28/12/94	29/12/94	30/12/94	31/12/94	1/1/95	2/1/95	3/1/95	4/1/95	5/1/95	6/1/95	7/1/95	8/1/95	9/1/95	10/1/95	11/1/95	12/1/95	13/1/95	14/1/95	15/1/95	16/1/95	17/1/95	18/1/95	19/1/95	20/1/95	21/1/95	22/1/95	23/1/95	24/1/95	25/1/95	26/1/95	27/1/95	28/1/95	29/1/95	30/1/95	31/1/95	1/2/95	2/2/95	3/2/95	4/2/95	5/2/95	6/2/95	7/2/95	8/2/95	9/2/95	10/2/95	11/2/95	12/2/95	13/2/95	14/2/95	15/2/95	16/2/95	17/2/95	18/2/95	19/2/95	20/2/95	21/2/95	22/2/95	23/2/95	24/2/95	25/2/95	26/2/95	27/2/95	28/2/95	29/2/95	30/2/95	31/2/95	1/3/95	2/3/95	3/3/95	4/3/95	5/3/95	6/3/95	7/3/95	8/3/95	9/3/95	10/3/95	11/3/95	12/3/95	13/3/95	14/3/95	15/3/95	16/3/95	17/3/95	18/3/95	19/3/95	20/3/95	21/3/95	22/3/95	23/3/95	24/3/95	25/3/95	26/3/95	27/3/95	28/3/95	29/3/95	30/3/95	31/3/95	1/4/95	2/4/95	3/4/95	4/4/95	5/4/95	6/4/95	7/4/95	8/4/95	9/4/95	10/4/95	11/4/95	12/4/95	13/4/95	14/4/95	15/4/95	16/4/95	17/4/95	18/4/95	19/4/95	20/4/95	21/4/95	22/4/95	23/4/95	24/4/95	25/4/95	26/4/95	27/4/95	28/4/95	29/4/95	30/4/95	1/5/95	2/5/95	3/5/95	4/5/95	5/5/95	6/5/95	7/5/95	8/5/95	9/5/95	10/5/95	11/5/95	12/5/95	13/5/95	14/5/95	15/5/95	16/5/95	17/5/95	18/5/95	19/5/95	20/5/95	21/5/95	22/5/95	23/5/95	24/5/95	25/5/95	26/5/95	27/5/95	28/5/95	29/5/95	30/5/95	31/5/95	1/6/95	2/6/95	3/6/95	4/6/95	5/6/95	6/6/95	7/6/95	8/6/95	9/6/95	10/6/95	11/6/95	12/6/95	13/6/95	14/6/95	15/6/95	16/6/95	17/6/95	18/6/95	19/6/95	20/6/95	21/6/95	22/6/95	23/6/95	24/6/95	25/6/95	26/6/95	27/6/95	28/6/95	29/6/95	30/6/95	1/7/95	2/7/95	3/7/95	4/7/95	5/7/95	6/7/95	7/7/95	8/7/95	9/7/95	10/7/95	11/7/95	12/7/95	13/7/95	14/7/95	15/7/95	16/7/95	17/7/95	18/7/95	19/7/95	20/7/95	21/7/95	22/7/95	23/7/95	24/7/95	25/7/95	26/7/95	27/7/95	28/7/95	29/7/95	30/7/95	31/7/95	1/8/95	2/8/95	3/8/95	4/8/95	5/8/95	6/8/95	7/8/95	8/8/95	9/8/95	10/8/95	11/8/95	12/8/95	13/8/95	14/8/95	15/8/95	16/8/95	17/8/95	18/8/95	19/8/95	20/8/95	21/8/95	22/8/95	23/8/95	24/8/95	25/8/95	26/8/95	27/8/95	28/8/95	29/8/95	30/8/95	31/8/95	1/9/95	2/9/95	3/9/95	4/9/95	5/9/95	6/9/95	7/9/95	8/9/95	9/9/95	10/9/95	11/9/95	12/9/95	13/9/95	14/9/95	15/9/95	16/9/95	17/9/95	18/9/95	19/9/95	20/9/95	21/9/95	22/9/95	23/9/95	24/9/95	25/9/95	26/9/95	27/9/95	28/9/95	29/9/95	30/9/95	31/9/95	1/10/95	2/10/95	3/10/95	4/10/95	5/10/95	6/10/95	7/10/95	8/10/95	9/10/95	10/10/95	11/10/95	12/10/95	13/10/95	14/10/95	15/10/95	16/10/95	17/10/95	18/10/95	19/10/95	20/10/95	21/10/95	22/10/95	23/10/95	24/10/95	25/10/95	26/10/95	27/10/95	28/10/95	29/10/95	30/10/95	31/10/95	1/11/95	2/11/95	3/11/95	4/11/95	5/11/95	6/11/95	7/11/95	8/11/95	9/11/95	10/11/95	11/11/95	12/11/95	13/11/95	14/11/95	15/11/95	16/11/95	17/11/95	18/11/95	19/11/95	20/11/95	21/11/95	22/11/95	23/11/95	24/11/95	25/11/95	26/11/95	27/11/95	28/11/95	29/11/95	30/11/95	31/11/95	1/12/95	2/12/95	3/12/95	4/12/95	5/12/95	6/12/95	7/12/95	8/12/95	9/12/95	10/12/95	11/12/95	12/12/95	13/12/95	14/12/95	15/12/95	16/12/95	17/12/95	18/12/95	19/12/95	20/12/95	21/12/95	22/12/95	23/12/95	24/12/95	25/12/95	26/12/95	27/12/95	28/12/95	29/12/95	30/12/95	31/12/95
25/12/94	26/12/94	27/12/94	28/12/94	29/12/94	30/12/94	31/12/94	1/1/95	2/1/95	3/1/95	4/1/95	5/1/95	6/1/95	7/1/95	8/1/95	9/1/95	10/1/95	11/1/95	12/1/95	13/1/95	14/1/95	15/1/95	16/1/95	17/1/95	18/1/95	19/1/95	20/1/95	21/1/95	22/1/95	23/1/95	24/1/95	25/1/95	26/1/95	27/1/95	28/1/95	29/1/95	30/1/95	31/1/95	1/2/95	2/2/95	3/2/95	4/2/95	5/2/95	6/2/95	7/2/95	8/2/95	9/2/95	10/2/95	11/2/95	12/2/95	13/2/95	14/2/95	15/2/95	16/2/95	17/2/95	18/2/95	19/2/95	20/2/95	21/2/95	22/2/95	23/2/95	24/2/95	25/2/95	26/2/95	27/2/95	28/2/95	29/2/95	30/2/95	31/2/95	1/3/95	2/3/95	3/3/95	4/3/95	5/3/95	6/3/95	7/3/95	8/3/95	9/3/95	10/3/95	11/3/95	12/3/95	13/3/95	14/3/95	15/3/95	16/3/95	17/3/95	18/3/95	19/3/95	20/3/95	21/3/95	22/3/95	23/3/95	24/3/95	25/3/95	26/3/95	27/3/95	28/3/95	29/3/95	30/3/95	31/3/95	1/4/95	2/4/95	3/4/95	4/4/95	5/4/95	6/4/95	7/4/95	8/4/95	9/4/95	10/4/95	11/4/95	12/4/95	13/4/95	14/4/95	15/4/95	16/4/95	17/4/95	18/4/95	19/4/95	20/4/95	21/4/95	22/4/95	23/4/95	24/4/95	25/4/95	26/4/95	27/4/95	28/4/95	29/4/95	30/4/95	1/5/95	2/5/95	3/5/95	4/5/95	5/5/95	6/5/95	7/5/95	8/5/95	9/5/95	10/5/95	11/5/95	12/5/95	13/5/95	14/5/95	15/5/95	16/5/95	17/5/95	18/5/95	19/5/95	20/5/95	21/5/95	22/5/95	23/5/95	24/5/95	25/5/95	26/5/95	27/5/95	28/5/95	29/5/95	30/5/95	31/5/95	1/6/95	2/6/95	3/6/95	4/6/95	5/6/95	6/6/95	7/6/95	8/6/95	9/6/95	10/6/95	11/6/95	12/6/95	13/6/95	14/6/95	15/6/95	16/6/95	17/6/95	18/6/95	19/6/95	20/6/95	21/6/95	22/6/95	23/6/95	24/6/95	25/6/95	26/6/95	27/6/95	28/6/95	29/6/95	30/6/95	1/7/95	2/7/95	3/7/95	4/7/95	5/7/95	6/7/95	7/7/95	8/7/95	9/7/95	10/7/95	11/7/95	12/7/95	13/7/95	14/7/95	15/7/95	16/7/95	17/7/95	18/7/95	19/7/95	20/7/95	21/7/95	22/7/95	23/7/95	24/7/95	25/7/95	26/7/95	27/7/95	28/7/95	29/7/95	30/7/95	31/7/95	1/8/95	2/8/95	3/8/95	4/8/95	5/8/95	6/8/95	7/8/95	8/8/95	9/8/95	10/8/95	11/8/95	12/8/95	13/8/95	14/8/95	15/8/95	16/8/95	17/8/95	18/8/95	19/8/95	20/8/95	21/8/95	22/8/95	23/8/95	24/8/95	25/8/95	26/8/95	27/8/95	28/8/95	29/8/95	30/8/95	31/8/95	1/9/95	2/9/95	3/9/95	4/9/95	5/9/95	6/9/95	7/9/95	8/9/95	9/9/95	10/9/95	11/9/95	12/9/95	13/9/95	14/9/95	15/9/95	16/9/95	17/9/95	18/9/95	19/9/95	20/9/95	21/9/95	22/9/95	23/9/95	24/9/95	25/9/95	26/9/95	27/9/95	28/9/95	29/9/95	30/9/95	31/9/95	1/10/95	2/10																																																																																											

5.2	Pegasus	天馬座	287
7.1	Pisces	双鱼座	1080

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Orange Cond.	714	-1
Int. Plus		

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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Aug 8/US\$)

(4 pm close)

DOW JONES

S&P 500

NASDAQ

NYSE

AMEX

NYSE

AMEX

NYSE

AMEX

NYSE

AMEX

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WORLD STOCK MARKETS

Dow loses grip on the 8,000 level

AMERICAS

Wall Street was rocked by currency concerns, and plunging bond prices and the Dow Jones Industrial Average lost its grip on the 8,000 level in early trading, writes John Labaree in New York.

By early afternoon the Dow had fallen 203.53 or more than 2 per cent at 7,994.07. The broader S&P 500 index had also lost 20.03 at 831.16. The Nasdaq composite index plunged 29.51 or 1.82 per cent at 1,594.87.

"We separated ourselves a bit from bonds during the week, so its a real bucket of cold water for equities," said Sir John Olesky, head of block trading at Morgan Stanley in New York. A week ago, for instance, a two-point dip in the long bond rattled equities, but the stock market largely recovered by late afternoon, added Mr Olesky.

Bonds picked up where they left off on Thursday, slipping lower in good volume as the dollar fell in value against both the yen and Deutsche mark. At mid-session, the long bond had lost 1½ at 96½, sending the yield higher at 6.61%.

The sell-off was broad-based, with Dow stocks, United Technologies lost \$3½ or more than 4 per cent to \$80½. Exxon plunged \$2½ at \$51½ while Philip Morris lost

\$1½ at \$43½. After a warning that its third-quarter earnings growth would slow down, Coca-Cola slid \$3½ or nearly 5 per cent at \$63½.

Financial stocks were sent sharply lower too, as bond prices plunged. The Travelers lost \$3 at \$65½ and J.P. Morgan fell \$4¼ at \$109.

Technology stocks lost ground. Compaq Computer fell \$2½ at \$59½ and semiconductor leader Intel slid \$3½ at \$88½.

TORONTO moved steeply lower in early trading as the opening tumble on Wall Street sparked profit-taking. Banks were visibly weak, and at the noon calculation the 300 composite index was off \$7.77 at \$877.30.

Banks were marked sharply from the opening bell. Royal Bank of Canada included C\$1.45 or more than 2 per cent to C\$65.40 and Toronto-Dominion Bank fell 75 cents to C\$43.45. Bank of Montreal lost 95 cents to C\$57.65.

Few leaders managed to avoid the shake-out. Alcan Aluminium came off 80 cents to C\$53.10. Seagram retreated C\$1.95 to C\$50.40 and Newbridge Networks lost 40 cents to C\$94.25.

Gold stocks were equally dull. Barrick gave up 75 cents to C\$82.40 while Placer Dome, the other leader in the sector, tumbled C\$1.45 to C\$26.40.

Markets follow Dow down

The early shake-out on Wall Street sent Latin American markets sharply lower, accelerating a clear trend towards profit-taking that had set in on Thursday.

MEXICO CITY lost ground from the outset as both foreign and local investors pocketed profits.

"There's no shortage of sellers," it's retail and institutional," said one broker.

At mid-session, the IPC index was off 77.08 or 1.5 per cent at 5,117.31. Market heavyweight Telmex was

right in the firing line. The shares, hit by heavy selling of the ADRs in New York, came off 20 centavos to 21.30 pesos.

SAO PAULO succumbed to a mid-session loss of 181 or 1.6 per cent to 12,142 on the market's key Bovespa index.

Trading was described by dealers as moderate.

BUENOS AIRES traded narrowly to close the morning little changed.

A.S. mid-session, the Merval index was 0.85 lower at 849.23.

Bourses retreat as Wall St sparks selling

EUROPE

European bourses ran into profit-taking from which there was no possible means of retreat once investors sighted the opening downward lurch on Wall Street.

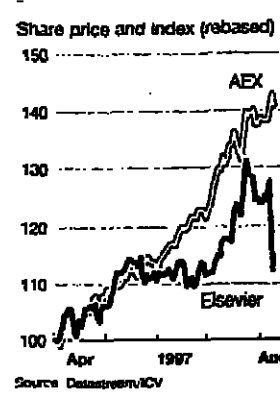
FRANKFURT closed steeply lower. Commerzbank climbed on continued takeover talk, but nearly all other components of the Dax weakened visibly and when electronic trading ended the Dax was off \$5.77 at an this-indicator of 4,842.31.

Commerzbank pushed up to DM66.76 at one stage before closing DM62.00 higher at DM66.15 in heavy volume following an earnings upgrade by a leading broker and a number of day-trading takeover speculation.

"It's been a bit frantic. The volume must be telling us something," said one broker. Commerzbank traded 4.7m shares almost twice the level of activity in Deutsche Bank yesterday. ABN Amro or HSBC were thought to be the most likely predators.

Bigger financial losers included Munich Re, which came off DM287 to DM6.615. Deutsche Bank gave up

Elsevier



DM2.10 to DM118.40. Among second-liners, Bankgesellschaft Berlin added DM1.60 to DM48.75 after unveiling strong interim results.

Volkswagen shed DM24.30 to DM1.338 in spite of upbeat results from its Audi division where pre-tax profits rose almost twice the level of activity in Deutsche Bank yesterday. ABN Amro or HSBC were thought to be the most likely predators.

Bigger financial losers included Munich Re, which came off DM287 to DM6.615. Deutsche Bank gave up

BASF came off DM1.65 to DM70.70. Both companies report next week.

AMSTERDAM retreated from its record, with Wall Street, weaker bonds and a softer dollar combining to knock sentiment. The AEX index dipped 18.1 to 996.16.

Disappointing results from blue chips Elsevier and Royal Dutch sent their shares plummeting. Publisher Elsevier lost F12.30 to F132.90 in volume of more than 21m shares for a two-day decline of more than 12 per cent. Foreign investors were said to be eager sellers after a wave of analysts' downgrades following Thursday's results. Royal Dutch shed F13.50 to F114.40, a fall of almost 3 per cent.

Unilever succumbed to profit-taking and closed F12.50 down at F148.00. Gist Broeders, which was battered after a profit-warning on Tuesday, clawed back F11.30 to F168.00. Food Group Nutricia, a week marked lately, also went against the flow, adding F16.80 to F1363.70.

ZURICH kept in step with the broad downturn across

FTSE Actuaries Share Indices

Index	Value	Change	% Change	Yield	Adj. Yield	Total Ret.
FTSE 100	997.25	-1.82	-0.18	2.28	0.00	997.46
FTSE 250	2204.24	-2.19	-0.10	-	-	-
FTSE 350	699.90	-2.48	-0.35	3.30	0.00	699.33
FTSE 400	1001.49	-1.44	-0.14	1.71	0.00	1001.51
FTSE 450	958.80	-1.72	-0.18	1.88	0.00	958.85
FTSE 500	1026.33	-1.90	-0.19	2.56	0.00	1026.33
FTSE 550	1015.96	-2.73	-0.27	2.72	0.00	1015.96
FTSE 600	1023.22	-1.06	-0.10	1.94	0.00	1023.22
FTSE 650	977.95	-2.12	-0.22	1.88	0.00	977.95
FTSE 700	972.54	-1.58	-0.16	1.27	0.00	972.54
FTSE 750	1005.83	-1.82	-0.18	2.28	0.00	1005.83

Europe, slipping 57.3 to 5,864.8 on the SMI index.

UBS fell SFr13.00 to SFr18.47, and SBC came off SFr45.00 to SFr41.25 ahead of next week's interim results statement. CS Group added

SFr1.00 to SFr208.50 amid speculation that the bank was teeing up an acquisition.

Most of the day's volume was again concentrated on drugs shares, where Novartis topped the activity charts, but declined SFr5.00 to SFr23.32. Roche came off SFr45.00 to SFr41.25. Among insurers, Swiss Re dipped SFr11.00 to SFr21.86, but Winterthur rose SFr3.00 to SFr1.515.

MILAN shed 520 to 14,572 on the real-time Mibtel index. Fiat lost L114 to

SFr1.00 to SFr208.50 amid speculation that the bank was teeing up an acquisition.

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THE WEEK'S CHANGES

Index	% Change
Frankfurt	-0.2
Paris	-0.2
Amsterdam	-1.0
Milan	-1.0
Zurich	-1.0
Stockholm	-0.2
Madrid	-0.2

Sydney slides on further shake-out for BHP

ASIA PACIFIC

News of further management changes at resources leader BHP pushed SYDNEY lower for the second day running.

Shares in the index heavy-weight, off 55 cents on Thursday, fell a further 45 cents to A\$16.99 for a two-day decline of more than 5 per cent.

Much of the downturn took place in a last minute flurry of trading, with BHP tumbling 16 cents in the final 20 minutes of the session in reaction to the announcement of the departure of the group's third senior executive in two days.

"It looks like a serious management breakdown within BHP," said one local broker. The All Ordinaries index finished off 8.3 at 2,711.4 in turnover of A\$95m, with BHP accounting for 1.44 at 254.47.

Among brighter spots, Rio Tinto climbed 45 cents to A\$21.30.

TOKYO ended higher following a strong debut by Fuji Television Network and late buying of semiconductor stocks, writes Queen Robinson.

The Nikkei 225 average closed with a gain of 128.61 at 19,604.46 after trading between 19,256.13 and 19,611.76.

Stock prices were generally lower in the morning, dampened by New York's overnight losses and selling of options futures. Contractors and steelmakers were early weak spots and at one stage the 225 index was off more than 220 points.

Volume rose from 378m shares to an estimated 491m shares. Declines led advances 565 to 497 with 157 unchanged. The Topix index of all first-section stocks rose 6.17 to 1,503.27 and the capital-weighted Nikkei 300 rose 1.44 at 254.47.

Fuji TV, one of Japan's five national commercial broadcasters, drew strong

THE WEEK'S CHANGES

Index	% Change
Kuala Lumpur	-7.0
Singapore	-1.0
Taiwan	-1.0
Tokyo	-1.0
Sydney	-0.7
Hong Kong	+1.6
Manila	-2.0
Beijing	-0.2

buying interest from domestic investors. The shares rose from its initial public offering price of ¥550,000 to close at ¥660,000 after touching a session high of ¥700,000.

As the session wore on, leading general contractors recovered from heavy sell-offs to end higher.

A number of semiconductor-related stocks came in for investor attention towards the close of the trading day. Advantest gained ¥300 to ¥11,800 and Tokyo Electron ¥170 to ¥7,540.

TAIPEI closed higher with

sentiment buoyed by the limit-up performance of microchip giant Taiwan Semiconductor. The weighted index rose 82.95 to 9,823.48 in moderate T3515b turnover. Trading in Taiwan Semicon was stimulated by the 1.43bn shares issued under the June bonus offer that began trading.

SEOUL rose 6.66 to 752.01 on the composite index. Pohang Iron and Steel was the star performer, rising Won1,700 to Won8,600. Most Kia companies rose strongly, hitting limit-up, on talk that the chairman of the troubled group would resign. The group's creditors have promised to extend emergency loans if top executives resign. Kia Motors rose Won1,000 to Won4,000. Kia Steel Won350 to Won4,000.

MANILA fell as profit-taking continued. The composite index closed above its 2,635.34 intra-day low, setting 22.19 lower at 2,647.82.

SINGAPORE suffered from

talk of an end to dual listings. ST Computer Systems' move to merge the foreign and local tranches of its shares sparked rumours of similar moves by the 16 leading companies' four banks that have dual listings.

At the close, the Straits Times index was off 9.32 at 1,943.92.

Johannesburg took a breather from its record-breaking run to follow Wall Street lower. The industrial index ended down 30.8 at 9,283.4, while the all-share index shed 15.2 to close at 7,599.2. Gold's ability to stay above \$320 an ounce helped resuscitate gold shares, which had taken a hammering as bullion prices plunged. The gold index added 29.3 to 896.4.

De Beers, which surged on Thursday, corrected with a fall of 825 cents to R171.75.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

The table is divided into four parts: (a) Financial, (b) Industrial, (c) Government, and (d) Miscellaneous. Details relate to those securities not included in the FT Share Information Service. The prices are those at which the business was done on the 24 hours up to 1.30pm on Thursday. They are not in order of execution but in ascending order which denotes the day's highest and lowest trades. For those securities which have been included in the FT Share Information Service, the latest recorded price is given with the relevant date. The size of individual deals are rounded to the nearest thousand and represented where practicable, as a percentage of the total issue. * Represents done the previous day.

British Government Stocks

Announced 2½ - 34 (Aug/97)

UK Public Bonds

Cyprus Operations Ltd 2½, 100 Sh. - 38 (Aug/97)

Cyprus Operations Ltd 4½, 100 Sh. - 30 (Aug/97)

Foreign Stocks, Bonds etc

Coupons Payable in London

Abney National Starling Capital PLC 10½, 100 Sh. - 100 (Aug/97)

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Listed Companies (excluding Investment Trusts)

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COMPANIES FT MARKETS

Weekend August 9/August 10 1997



Telia-led group waits for cellphone verdict

Complications over São Paulo concession

By Geoff Dyer in São Paulo

A consortium led by Telia, the Swedish state-owned telecommunications company, yesterday won a concession to operate cellular telephones in the Brazilian state of São Paulo for R\$1.33bn (US\$1.36bn), more than double the minimum asking price.

The result provided further evidence of the willingness of international telecom operators to pay large premiums for cellular concessions in Brazil, and will increase the momentum behind the privatisation of the rest of the sector.

However the São Paulo state result was shrouded in confusion, as the winning consortium, Tess, had initially been excluded from the auction by the communications ministry after allegedly failing to meet tendering requirements.

The consortium won a temporary injunction allowing it to bid, but it must return to

the Supreme Federal Tribunal, the country's highest court, for a final judgment before it can take up the concession. The dispute concerns the legality of translated documents.

A spokesman for the communications ministry said if Tess lost its case, the concession would be awarded to the second-place consortium, Avantel, which bid R\$1.23bn and which includes AirTouch, the US cellular operator, Unibanco, the Brazilian bank, and Odebrecht and Camargo Corrêa, the Brazilian construction groups.

In a further legal twist, the bid from the Telet consortium, which includes Bell Canada and Citibank, was left unopened after the ministry excluded it from the auction. If Telet's appeal succeeds it could still win the concession if its bid is the highest.

The São Paulo region has a population of about 17m and includes fast-growing indus-

trial cities such as Campinas and São José dos Campos and a rich agricultural area.

The auction follows the sale last month of the concession for the city of São Paulo, which was bought by a consortium led by Bell South of the US for R\$2.66bn - more than four times the minimum price. The price per head of population was one of the highest ever paid in the world for a cellular concession.

The Bell South consortium, which also includes Banco Safra, the Brazilian private sector bank, yesterday picked up the cellular concession for six north-eastern states for R\$55.6m in a separate auction - again more than double the minimum price.

"These sales show once again the considerable interest that foreign investors have for the Brazilian telecoms sector," said Ms Flavia Gribel, analyst at Bozano, Simonsen, the Rio de Janeiro investment bank.

Astra dips 7% as earnings growth disappoints

By Greg McIvor in Stockholm

Shares in Astra tumbled almost 7 per cent yesterday after the Swedish pharmaceuticals group announced slower-than-expected first-half earnings growth.

Astra, whose anti-nausea agent Losac is the world's top-selling prescription drug, reported a 4 per cent rise in pre-tax profits from SKr3.8bn to SKr7.7bn (\$870m).

Second-quarter profits rose 7 per cent, from SKr3.3bn to SKr3.6bn. But investors had expected a bigger jump after an unexpectedly weak first quarter, when profits grew only 1 per cent.

Astra's most-traded A shares slid SKr10.5 to SKr142. The shares have underperformed the Stockholm bourse by 24 per cent this year, having been one of Sweden's top growth stocks of recent years.

Astra has enjoyed double-digit earnings growth in the 1990s, driven by Losac. But that rate of expansion has been slowing and some analysts fear the group may struggle when Losac's patents begin to expire in 2001.

"We are less positive than we were but I don't think [the results] are a cause to jump off a cliff," said Mr Stuart Adkins, analyst at Lehman Brothers in London.

He was cheered by remarks from Mr Hakan Mogren, Astra's chief executive, that the group might spend part of its SKr19.3bn cash pile on an industrial rather than a financial investment. Astra could still produce annual earnings growth of 12 per cent until 2000-2001, Mr Adkins said.

Mr Mogren predicted higher growth next year with the launch of Astra's Pulmoport Turbulator anti-asthma treatment in the US. He said Losac had potential to expand in the US, where annual sales are growing at about 30 per cent.

Sales of Losac accounted for almost 50 per cent of group turnover, rising from SKr6.6bn to SKr10bn, or 9 per cent at constant exchange rates.

THE LEX COLUMN

Blair the boss

To investors in UK plc from Mr Tony Blair, chief executive: I thought you would appreciate a frank assessment of the first 100 days since we took control of your company.

We said in our offer document that we would be radical, and we have. Look at the decision to let our Bank set interest rates and resist the temptation to stuff it with our placements. Bondholders loved it. Gone are the days when we could pick our own rates and pay investors back in devalued paper. Creditability has been enhanced. We still pay more than Deutschland AG for long-term borrowings, but the gap has closed a quarter of a percentage point and should narrow further.

Shareholders have not, I am afraid, done quite as well. You would not know it looking at the raw data - our stock has risen 10 per cent since I became the boss. But even badly managed companies do well in bull markets: we have actually underperformed our global competitors by over 5 per cent.

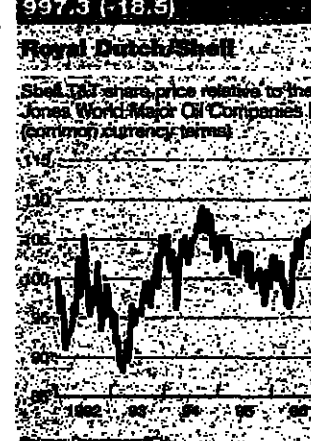
Laxity by the previous finance director is partly to blame. He failed to take prompt action on interest rates, with the result that the Bank has had to put them up four times in quick succession. That has boosted the pound, hurting our export division. Fortunately, the Bank is learning a trick or two from our spin doctors and, with luck, will manage starting down some more before irreparable harm is done.

But, to be honest, our finance director is also to blame. His budget pandered to customers, who already have too much cash, and heaped taxes on suppliers. Not only does that mean we have left it entirely to the Bank to prevent a consumer boom, but the taxes have knocked the fundamental value of your shares, although investors do not seem to have noticed this yet.

We are in a particular pickle with advance corporation tax and foreign income dividends. The finance director did not really understand their complexity and we now find some of our best suppliers threatening to go offshore. My host here in Tuscany tells me he is trying to resolve the matter, but I have an awful feeling that we are just going to tie ourselves in more knots.

The previous management keeps complaining about our corporate governance record: in brief, that I and the director without portfolio keep a tight grip on power. I prefer to think of it as having proper internal controls - something our pre-

decessors certainly lacked - and I am sorry to report that even ours are inadequate. For example, our cultural director made unflattering comments about lottery fat cats, which was silly since we have a fat cat on our own board in the shape of the former petroleum boss.



FTSE Eurotop 300 index 997.3 (-18.5)

formance against targets, and the incentives to improve the group's sometimes lacklustre returns could be considerably sharpened.

It would, however, be a mistake to underestimate the obstacles, of which the most obvious is Shell's collegiate and decentralised structure. No-one at the company can force through change without tireless consensus-building and, even then, there are powerful national barriers to contend with. This is especially true since the group lacks the crisis atmosphere that proved such a spur to improvement at British Petroleum and Shell Oil in the US. It is all very well bleating about mediocre returns, but the reformer's task is bound to be tricky when the shares keep soaring.

Shareholders have not, I am afraid, done quite as well. You would not know it looking at the raw data - our stock has risen 10 per cent since I became the boss. But even badly managed companies do well in bull markets: we have actually underperformed our global competitors by over 5 per cent.

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But, to be honest, our finance director is also to blame. His budget pandered to customers, who already have too much cash, and heaped taxes on suppliers. Not only does that mean we have left it entirely to the Bank to prevent a consumer boom, but the taxes have knocked the fundamental value of your shares, although investors do not seem to have noticed this yet.

We are in a particular pickle with advance corporation tax and foreign income dividends. The finance director did not really understand their complexity and we now find some of our best suppliers threatening to go offshore. My host here in Tuscany tells me he is trying to resolve the matter, but I have an awful feeling that we are just going to tie ourselves in more knots.

The previous management keeps complaining about our corporate governance record: in brief, that I and the director without portfolio keep a tight grip on power. I prefer to think of it as having proper internal controls - something our pre-

decessors certainly lacked - and I am sorry to report that even ours are inadequate. For example, our cultural director made unflattering comments about lottery fat cats, which was silly since we have a fat cat on our own board in the shape of the former petroleum boss.

The most important matter facing the board is, of course, the potential merger with Deutschland AG, France SA, Italia SpA and others. Discussions are more convoluted than before we took over and the company now fulfils most of the necessary criteria. But whether we will actually clinch a deal, I cannot say - not least because some of the other companies are in a mess. What I can assure you is that nothing will happen quickly and we will take part only if the deal enhances shareholder value.

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Top-level departures put pressure on BHP shares

By Elizabeth Robinson in Sydney and Robert Corzine in London

Australian resources group BHP yesterday announced its third top-level departure in three days, unsettling investors who knocked a further 2.5 per cent off the share price - now at a four-month low.

Mr John Prescott, BHP chief executive, said the events were "a regrettable coincidence" and unrelated. Some analysts saw the resignations as evidence of deeper problems facing the group as it attempts to define the role of a modern conglomerate and to identify its core businesses.

The resignation yesterday of Mr John O'Connor, head of BHP's petroleum division, followed the sudden retirement on Thursday of Mr Geoff Wedlock, head of the iron ore

unit, and of Mr Dick Carter, who led the minerals division, the day before.

The latest departure was due to "irreconcilable differences between Mr O'Connor and the remainder of the board," said Mr Prescott, who added that he accepted the resignation "with regret".

Mr O'Connor, who was brought into BHP in 1994 from Mobil of the US to revive the petroleum division, favoured a partial flotation of the unit. The option was rejected in June because of fears over the impact a float might have on the share price of the remaining conglomerate.

BHP's petroleum division last year made profits of A\$883m (US\$506m) thanks in part to higher oil prices. The BHP group's full-year profit was A\$410m after write-offs of nearly A\$1bn relating mainly

to the US copper operations. Earlier this week comments about the possible merits of a flotation made by Mr O'Connor during a meeting with analysts were leaked to a Sydney newspaper.

Mr Jerry Ellis, the BHP chairman, said differences with Mr O'Connor were essentially to do with ownership of the petroleum assets. "The board reached a view as to appropriate ownership," he added. "This was not a view shared."

Mr Prescott insisted yesterday that BHP would retain its petroleum division in the interest of shareholder value. BHP shares closed down 45 cents at A\$16.99.

World stocks, Page 21

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Citibank	24	Nord LB	17	Unibanco	24
Coca-Cola	17	Pechiney	22	VAI	4
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				Westland	4

Markets latest

FTSE 100:	5031.3	(-55.5)
Yield:	5.28	
FTSE Eurotop 300	997.3	(-18.49)
FTSE All-Share	2384.83	(-0.64%)
Nikkei	18,804.46	(+125.61)
New York S&P 500	804.84	(-138.38)
Dow Jones Ind Ave	934.13	(-17.06)
S & P Composite	934.13	(-17.06)
LONDON MONEY		
3-mo Interbank	7 1/8	(7 1/8)
Libor 6m gilt bid	Sept 14 1/2	(Sept 14 1/2)
US LUXEMBOURG RATES		
3-mo Interbank	5 1/4	(5 1/4)
3-mo Treas Bill Yld	5.27%	
Long Bond	6 1/2	
Yield	6.81%	
NORTH SEA OIL (Aug)		
Brent Blend	\$18.36	(18.31)
Oil	\$22.55	(22.14)
New York Crude	\$22.55	(22.14)
London	\$22.55	(22.14)
STERLING		
New York lunchtime	1.5895	
London:		
\$	1.5794	(1.588)
DM	2.3248	(2.3711)
FF	1.8108	(1.8108)
SFR	2.3846	(2.4268)
Y	182.805	(187.841)
E index	101.3	(102.8)
DOLLAR		
New York lunchtime	1.5895	
DM	1.5895	
FF	1.8108	(1.8108)
SFR	2.3846	(2.4268)
Y	182.805	(187.841)
E index	101.3	(102.8)
Tokyo close	Y 118.5	

FT WEATHER GUIDE

Europe today

The Mediterranean resorts will have another hot day with mostly clear skies, but inland parts of Iberia will see a build-up of cloud during the day with a scattering of thunderstorms. A few thunderstorms are also likely over the eastern Alps and Balkans, and more widespread storms will affect Poland, Romania and Hungary. Meanwhile, most of northern and north-west Europe will be hot with plenty of sunshine and light winds. However, a band of rain will push across western Norway and northern Sweden during the day.

Five-day forecast

Eastern Europe will be unsettled with heavy showers and thunderstorms. Scandinavia may have showers at first, but high pressure should bring plenty of fine weather early next week. Central Europe will be hot with the odd thunderstorm, but more widespread thundery weather will affect western Europe on Sunday and Monday. The Mediterranean will be mostly hot and sunny.

TODAY'S TEMPERATURES

Maximum	Belfast	Fair 31	Cardiff	Fair 32	Faro	Fair 25	Madrid	Thunder 32	Rangoon	Thunder 30	
Abu Dhabi	Sun 41	Belgrade	Thunder 24	Berlin	Fair 26	Frankfurt	Sun 28	Majorca	Sun 33	Reykjavik	Fair 12
Algiers	Fair 27	Bombay	Thunder 28	Buenos Aires	Fair 26	Geneva	Fair 25	Manila	Fair 27	Rio	Shower 23
Amsterdam	Sun 24	Bogota	Fair 31	Cologne	Thunder 26	Glasgow	Fair 26	Manchester	Fair 27	Home	Sun 25
Athens	Fair 32	Dakar	Fair 19	Dallas	Cloudy 31	Hamburg	Sun 26	Malta	Fair 28	S. Francisco	Fair 29
Atlanta	Thunder 28	Dahli	Fair 32	Doha	Thunder 36	Helsinki	Sun 26	Melbourne	Shower 17	Seoul	Fair 31
B. Aires	Fair 12	Edinburgh	Fair 26	Dubai	Fair 35	Hong Kong	Thunder 31	Miami	Fair 27	Singapore	Cloudy 31
Bangkok	Thunder 35	Cairo	Fair 24	Dubai	Sun 41	Honolulu	Thunder 31	Montreal	Thunder 30	Stockholm	Fair 27
Barcelona	Fair 32	Cape Town	Fair 18	Dubrovnik	Cloudy 22	Istanbul	Fair 32	Moscow	Cloudy 22	Strasbourg	Thunder 26
				Edinburgh	Cloudy 20	Jakarta	Fair 26	Munich	Fair 27	Sydney	Fair 17
						Karachi	Fair 31	Nairobi	Fair 28	Taipei	Fair 26
						Kuwait	Sun 44	Naples	Sun 31	Tokyo	Shower 30
						L. Angeles	Fair 28	Nassau	Thunder 33	Toronto	Fair 29
						Las Palmas	Fair 26	New York	Sun 30	Vancouver	Fair 23
						Lima	Cloudy 23	Nice	Sun 29	Venice	Cloudy 27
						Lisbon	Fair 28	Nicosia	Sun 31	Warsaw	Shower 23
						London	Fair 30	Oslo	Fair 23	Washington	Sun 30
						Luxembourg	Fair 28	Perth	Fair 30	Wellington	Cloudy 12
						Lyons	Thunder 33	Prague	Shower 16	Winnipeg	Rain 24
						Madrid	Fair 25			Zurich	Fair 24

Prices as at 7 August 1997

Name	Expiry	Strike	Price
BZW European Single Stock Call Warrants			
Alcoa (ALCOA)	31/07/98	810	24
Alstom (ALSTO)	31/07/98	810	24
Amgen (AMGN)	31/07/98	810	24
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Amgen (AMGN)	31/07/98	810	24
Amgen (AMGN)	31/07/98	810	24

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